THE UNIVERSITY ...





# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Schools row for High Court

...side education committee ... to challenge in the High ... Education Secretary Mr. ... Mulley's order to the ...ter Manchester council to ...ment a comprehensive ...ls scheme. The council ... meet to ratify the decision ...onday.

...ry leader Mr. Colin ...tham said his Conservative ...agues did not think Mr. ...ey's decision was in the ...rests of Greater Manchester ...dren.

...anwhile, in defiance of Mr. ...ey's order, the committee ...erday urged education ...ers to carry on with plans ...selecting about 240 children ...grammar school places from ...at 800 who applied. But ...hers' representatives at the ...ting said they did not con... ...r it their duty to handle the ...dren's records for selection ...poses.

### ...'s assurance ... Asians

...me Minister Mr. James ...laghan praised Britain's Asian ...munity for its industriousness ... assured it of the full pro...tion of the police. Replying ... a Commons question the ...mier also supported the ...chbishop of Canterbury's ...rning against "the trap" of ...ialism. Editorial Page 20.

### More Ulster talks

...e Official Unionist Party held ...ther private meeting with ...man Catholic politicians in ...fiance of its Unionist coalition ...artners led by the Rev. Ian ...isley. Page 8

### Irish bank strike

...out 10,000 bank officials in the ...sh Republic served notice that ...ey would strike on June 28. ...ey have turned down an offer ...ich would have given them ...creases of between £6 and £10 ... week plus increases due to ...em from last year.

### Steel v. Pardoe

...e Liberal Party is lining up ...hind Mr. John Pardoe or Mr. ...vid Steel at th estart of the ...mpaign to select a new leader. ...r. Russell Johnston, chairman ... the Scottish Liberals, failed ... secure nomination from three ...llow MPs, despite widespread ...pport in the country. Back ...ge

### Savalas wins

...ssociated Newspapers were ...dered to pay £34,000 libel ...mages to Mr. Telly Savalas— ...d costs of the two-day High ...urt hearing—for an article in ...e Daily Mail. The 54-year-old ...tor, who plays Kojak in the ...levision series, said he would ...end it all in Britain.

### Two versions of Lesley's death

...nald Neilson, kidnapper of ...iress Lesley Whittle in ...nuary, 1975, told Oxford Crown ...urt that she had died after ...lling from a ledge in the under...round passage where he had ...ed her with a wire round her ...eck. The prosecution alleged ...at he had pushed her to her ...eath in a panic because he ...hought the police had trapped ...im.

### U.K. 'still third'

...fence Secretary Mr. Roy Mason ...ejected as "spurious" a French ...laim to have overtaken Britain ...s the world's third nuclear ...ower. Page 6

### Briefly . . .

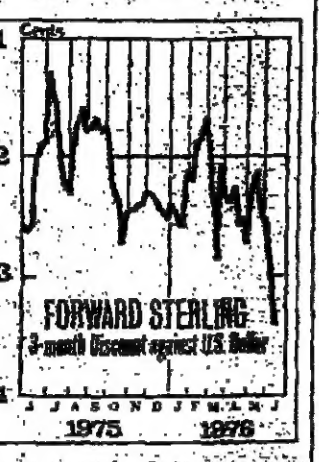
...idnapped Italian meat whole...aler Sig. Guiseppe Ambrosio ...as found unharmed in a Rome ...partment. Page 6

...rs. Kathleen Hardy, 75-year-old ...river of a 110 mph TR7, failed ...er 17th road test since a ...angerous driving conviction ...hree years ago.

### BUSINESS

## Equities, gilts and sterling rise

● STERLING gained ¼ a cent to $1.7770; its three-month discount against the dollar widened




to 3.45 (3.05) cents. Its weighted depreciation improved to 39 (39.1) per cent. while the dollar's widened to 1.51 (1.40) per cent.

● EQUITIES edged higher though activity was low. The FT 30-share index gained 3.4 to 381.5 and the FT-Actuaries All-Share index was slightly firmer at 157.89 (157.84).

● GILTS had gains ranging to ¼ in quiet trading. The Government Securities index was 0.19 up at 62.42.

● GOLD was unchanged at $125¼.

● WALL STREET was 5.89 down at 988.35 near the close.

● U.S. TREASURY Bill rates were: threes 5.390 (5.459) and sixes 5.695 (5.768).

## Post Office rates pledge

● POST OFFICE has promised to peg postal rates till the end of the year and telecommunications charges till March, 1977. Back Page

● ENERGY DEPARTMENT says Britain will have more energy from its own resources than it will need throughout the 1980s. Page 8

● ICI'S RIGHTS issue was 86.3 per cent. subscribed. The 8.5m. shares in the £200m. issue not taken up were sold to investing institutions at about 2 per cent. below the market price. Back Page

● DEFERRED TAX accounting standard announced by the Accounting Standards Committee has been attacked by City institutions and industry as being meaningless. Back Page and Lex

● MARITIME Fruit Carriers predicts the possible arrest and forced sale of another four of its ships. Back Page

● BRITAIN and Japan have announced revised export credit guidelines, following last week's declarations by the U.S. and West Germany. Page 4

● KELLOG and Tropicana Products, two of the largest breakfast cereal companies in the U.S., have broken off merger negotiations for the second time. Page 26

● FISH TARIFF cuts of up to 80 per cent. will be made from next month on Icelandic exports into the EEC, following the settlement of the cod dispute with Britain. Page 6

### COMPANIES

● LONDON and Northern Group pre-tax profit rose to a record £9.58m. (£8.25m.). Total dividend is unchanged at 3.25p net. Page 23 and Lex

● U.K. OPTICAL and Industrial Holdings pre-tax profit for the year to March 1, 1976, rose to £3.297m. (£2.63m.). Total dividend is 4.2p net (3.153p). Page 22

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | |
|---|---|---|
| **RISES** | | |
| Treasury 9¼pc 1981 | £92¼ | + ½ |
| Treasury 7¾pc '85-88 | £75½ | + 1 |
| Alpine Soft Drinks | 135 | + 7 |
| Ariel Inds. | 23 | + 3 |
| BBA | 44 | + 3 |
| Barlow Rand | 203 | + 8 |
| Beecham | 380 | + 4 |
| Distillers | 147 | + 3 |
| Gardner (L.) | 120 | + 5 |
| GEC | 154 | + 4 |
| Glaxo | 400 | + 7 |
| Guinness (A.) | 180 | + 3 |
| Hardy (Furn.) 'A' | 38 | + 3 |
| Hawker Siddeley | 452 | + 4 |
| Lawtex | 19 | + 3 |
| Linfood | 190 | + 5 |
| Lindsay & Williams | 16½ | + 2½ |
| Lonrho | 85 | + 3 |
| Low (Wm.) | 74 | + 4 |
| Mothercare | 192 | + 4 |
| Myson Group | 84½ | + 3½ |
| Ocean Wilsons | 132 | + 4 |
| Rank Org. | 173 | + 5 |
| Reyrolle Parsons | 122 | + 6 |
| Royal Ins. | 280 | + 6 |
| Thermal Syndicate | 90½ | + 4 |
| Vincent (H.) | 80 | + 5 |
| SCOT "Ops" | 210 | + 7 |
| Siebens (U.K.) | 170 | + 5 |
| Anglo American Coal | 535 | + 15 |
| Anglo American Gold | £24 | + 1 |
| De Beers Defd. | 242 | + 6 |
| Libanon | 510 | + 25 |
| Minorco | 220 | + 8 |
| Poseidon | 265 | + 5 |
| President Brand | £14¼ | + ¼ |
| South African Land | 240 | + 20 |
| **FALLS** | | |
| Aust. & N.Z. Bank | 480 | − 7 |
| Len Group | 115 | − 5 |
| White Drummond | 99 | − 6 |

# Jones says second phase of pay curbs should be the last

BY CHRISTIAN TYLER, LABOUR STAFF

**Mr. Jack Jones, the country's most influential trade union leader, yesterday made it clear that he would not support a third round of tight wage control after the proposed 4½ per cent. pay limit runs out in July next year.**

Speaking on the eve of a special TUC Congress which could produce a 20-to-one majority for the second phase of restraint, the general secretary of the Transport and General Workers' Union said there had to be "a move towards an ordered return to free collective bargaining" when the 12 months were up.

Meanwhile, union conference decisions and branch ballot results yesterday put seven more union delegations to to-day's TUC Congress behind the £2.50-£4 pay limit due to start on August 1.

These represent over 1.7m. of the TUC's 10.7m. votes. Only Equity, the actors' union, said it would be joining the opposition, to be led by the white-collar Association of Scientific, Technical and Managerial Staffs.

Mr. Jones, in looking beyond to-day's almost routine decision, was both expressing the disquiet within his and other unions at the consequences of so long a period of severe control and attempting to deal with the more general anxiety that sudden relaxation will lead to a wages explosion.

He was asked in a radio interview with London Broadcasting about the possibility of a third stage and replied: "I don't think there will be, let's make it quite clear. But I do think we have to have an ordered return to free collective bargaining, and that means everybody must co-operate."

He renewed an appeal to unions and managers to start discussing productivity and incentive schemes now, ideally within the context of planning agreements, as a way of dealing with the strains — particularly among skilled men and management — that are building up under the pay limits.

He first made this plea last month a few days after a meeting of the TGWU executive council at which an unusually strong fight was put up by opponents of pay control.

Of the differentials problem he said yesterday: "I don't go for this word differentials. I am talking of proper rewards for ability and skill. This means proper job evaluation and extension of incentive bonus schemes: rewards for skill, not automatic differentials."

Many of the speeches at to-day's Congress are likely to deal with the "re-entry" problem after two years of tight control as well as the kind of economic restructuring to be demandedf rom the Government as the price of seeing the social contract through to next July.

Opponents of the latest TUC-Government agreement, such as Mr. Clive Jenkins of ASTMS, have already stressed that the vote itself is unimportant.

It appears that the "antis" will only be able to muster around 500,000 votes. With abstentions by the construction workers and the National Union of Railwaymen — a total of 450,000 votes — a majority of nearly 20-to-one is on the cards.

Psychologically valuable rank-and-file support came yesterday with the announcement of a branch ballot of the Civil and Public Services Association, which showed nearly three to one in favour of the new limit.

Branches of the fifth-largest union, the National Union of Public Employees, also voted three to one, in line with their executive's recommendation to support the policy.

Mr. Alan Fisher, general secretary, said last night that the new economic policy must prove the basis of lasting TUC-Government co-operation. This was more important than the Congress vote.

Other unions to declare their support yesterday were three print unions—SOGAT (in a ballot of members), the NGA and NATSOPA—the National Union of Hosiery and Knitwear Workers and the Furniture, Timber and Allied Trades Union.

The actors union, Equity, however, will join ASTMS, the train drivers (ASLEF), the National Union of Journalists, the patternmakers, cine technicians, tobacco workers and airline pilots in voting "No."

Other Labour News Page 13
Editorial Comment, Page 20

# Squeeze on short-sellers aids £

By Peter Riddell, Economics Correspondent

STERLING strengthened again yesterday in foreign exchange markets as the authorities applied a tight squeeze on the positions of those who are selling the pound short.

The pound rose by 80 points at one stage during the morning—more than cancelling out the setback after the trade figures on Monday afternoon—though the rate slipped back slightly during the afternoon to close half a cent. higher at $1.7770. The weighted depreciation narrowed a further 0.1 point to 39 per cent.

The aim of yesterday's operation was to apply a "bear" squeeze on short-sellers of sterling by making it very expensive to borrow, and thus forcing them to liquidate their positions by buying sterling.

The authorities were clearly pleased with the short-term impact of their actions—and unlike last week when they were keen to disguise completely the extent of any intervention or use of the standby credits, their intentions yesterday appeared clear cut and unambiguous to the market.

The moves in the forward market have a temporary effect and there are still sizeable hedging positions against the pound which have built up in recent weeks and have yet to be unwound.

But dealers believe that recent official tactics have been concerned to stabilise the rate ahead of to-day's vote at the TUC Conference. The view in the market last night was that a majority supporting the pay policy of the expected size would produce an immediately favourable reaction for sterling overseas.

The long-term cost to the reserves of these forward operations is negligible since the positions taken by the authorities cancel out within a very short period. Moreover, there appears to have been limited official support in the spot market this week according to dealers.

The authorities' technique has been to force up interest rates in the Eurosterling market (overseas holders of sterling)—to annual rates of as much as 30 per cent. for seven-day money.

● None of the major official holders of sterling played a predominant part in the recent pressure against the £ and there is no evidence to support the rumours of widespread market sales by Nigeria, Mr. Robert Sheldon, Financial Secretary to the Treasury said in the Commons yesterday.

# Pay bed Bill setback for Government

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT'S Parliamentary timetable, already severely disrupted by Opposition tactics of non-co-operation, received a further setback yesterday when Ministers failed to speed discussion of the Bill abolishing pay beds in the National Health Service.

Because of the slow progress the Bill is making in its line-by-line committee stage, the Government wanted additional sittings on Tuesday afternoons and evenings. At present, the committee sits on Tuesday and Thursday mornings.

But when a sittings motion was moved by Mr. David Ennals, the Social Services Secretary, the result was a 9—9 tie. The chairman, Mr. Victor Goodhew, Conservative MP for St. Albans, cast his vote for the status quo according to precedent.

The tie occurred because the United Ulster Unionist member of the committee, Mr. John Dunlop (Mid Ulster) voted with the Conservatives, giving the Opposition parties parity with the Government. Originally, Labour had an overall majority of one but Ministers gave up this advantage after the row last month involving membership of all standing committees.

The result means that Ministers face the prospect of a much longer committee stage envisaged and further disruption of their timetable.

The only hope of getting the Health Services Bill through quickly is to table a guillotine motio nin the Commons. As all Opposition parties are likely to vote against it, this is not a practical proposition until after the Rotherham by-election on June 24 when the Government's majority over all other parties should be restored.

After the tie Mr. Patrick Jenkin, Shadow Social Services Minister, claimed the Government must now seriously consider whether it should abandon the Bill. Ministers had started much too late trying to get a Bill through a committee on which numbers were even.

At least another 20 meetings are envisaged before the committee stage examination of the 23-clause Bill can be completed. Deliberations have not yet reached the most contentious clauses which provide for the phasing-out of pay beds.

# £23m. grant for paper industry

BY LORNE BARLING

A £23m. SELECTIVE GRANT scheme for the U.K. paper industry, launched by the Department of Industry yesterday, is expected to generate investment of up to £100m. in four years and could reduce raw material imports by £150m. a year.

Announcing the scheme in the Commons yesterday, Mr. Eric Varley, Secretary of State for Industry, said it would help increase the recycling of one of the most useful of our waste materials, namely waste paper.

"It shows the Government's determination to play a full part in reducing waste and conserving valuable resources in our economy and our society."

The grants will be made to companies investing in recycling plant and equipment and new processing systems, and in waste storage facilities, at the rate of 25 per cent. of cost. Other related building workk will qualify for a grant of 15 per cent.

It is estimated that the aid will boost U.K. consumption of waste paper by 1m. tonnes a year by 1980 and consequently save the cost of importing a similar amount of pulp and paper. This could save more than £150m. a year on the balance of payments.

Mr. Varley's statement was generally welcomed by the industry and it is understood that about 30 companies have already made it known that they will apply for grants, to be made under Section 8 of the Industry Act.

The level of investment in the industry has recently been well below the desired level, due partly to low profit margins and strong foreign competition, and it has pressed fo rGovernment aid to stabilise waste paper supplies. The scheme, announced yesterday, however, does not include finance for building stocks of waste paper.

The current use of waste paper, at around 2m. tonnes a year, already saves some £500m. a year in imported materials, and it is hoped that usage will reach 3m. tonnes a year by 1980.

# Boiler and turbine makers face 'think tank' probe

BY CHRISTOPHER LORENZ

AFTER YEARS of investigation and debate, two of the most troubled sectors of heavy engineering—the boilermaking and turbine-generator industries—are to be urgently studied by the "think tank" — the Central Policy Review Staff.

Announcing this in the House of Commons yesterday, Mr. Eric Varley, the Industry Secretary, said the study would cover both the short-term and longer-term problems of the turbo-generator and boilermaking industries which supply electrical plants for power stations.

A full report will be made in the autumn, but Mr. Varley said the team would make an interim report before the summer recess, "on such of the preliminary conclusions as are relevant to the shorter-term problems of the industries."

He named no companies, but the main ones which will be covered will be Babcock and Wilcox together with Clarke Chapman on the boilermaking side, and the turbine-generator subsidiaries of GEC and Reyrolle Parsons.

The Department of Industry said last night that the announcement indicated Government concern about the major plant manufacturing industries for power stations. These were now adversely affected by the low level of orders from the U.K. generating Boards, and by increasing competition for exports in world markets.

The Government recognised the "critical problems" faced by both sectors, and bore in mind the interests of all the people working in them, the Department said.

The announcement comes after months of behind-the-scenes pressure from the industries. The turbine-generator suppliers, in particular, have lobbied for Government aid to help them boost exports, and for bringing forward domestic orders.

Significantly, the four companies have been among the first to start negotiating for planning agreements with the Government. Like others in the process plant industry, they are looking for some form of Government support in return.

The structural overcapacity of the turbine-generator industry is being viewed even more seriously now than in 1972-73, when it led to a series of proposals for rationalisation, none of which were carried out.

After a brief revival in the prospects for domestic orders, the companies now face a dearth until at least 1978-79, and continued execess capacity well into the 1980s.

The exact extent of this short-term famine will depend partly on whether the coal lobby succeeds in bringing forward orders for a new coal-fired station: the outcome of next week's energy debate should clarify this question.

Discussion about whether the industry should be concentrated will also be influenced by the forthcoming EEC directive on cross-frontier purchasing by public authorities.

Well before U.K. power demand revives in the 1980s, the British generating Boards may no longer be allowed to prefer domestic sources of supply effectively protecting them.

The Boards would then be able to satisfy any wish to have two or more suppliers by importing from the EEC, just as the U.K. industry could hope to obtain business from the other member States for almost the first time.

# EMI receives European Court go-ahead on trade mark issue

BY DAVID CURRY

BRUSSELS, June 15.

EMI, the British music, leisure and electronics company, is now set to win its battle for the exclusive use of the Columbia trade mark inside the Common Market after a crucial ruling to-day by the European Court of Justice.

The court in Luxembourg decided that Community law does not stand in the way of national courts enforcing trade mark legislation in member States. This clears the way for EMI to win the cases it has brought in Britain, Germany and Denmark to prevent the U.S. concern CBS from using the Columbia trade mark within the EEC.

The British High Court of Justice, the Maritime and Commercial Court of Copenhagen and the Cologne State Court had asked the European Court to rule on whether the enforcement of national trade mark law would infringe the Treaty of Rome's provisions for the free movement of goods and competition.

In Britain and Denmark EMI had already won preliminary rulings from the national courts in its favour, while in Germany the court had suspended the case pending the Luxembourg ruling. The company will now seek definitive rulings in Britain and Denmark and will expect to win a similar verdict in Germany.

Although they have not linked in any way EMI and CBS are the heirs of a series of gramaphone company mergers and takeovers dating back to the First World War. In the course of these events EMI emerged with the right to use the Columbia trade mark within the EEC while CBS inherited the right outside the Community.

Traditionally CBS has marketed in the EEC under the CBS label, but when it imported quadrophonic records from the U.S. to sell in the Community under the Columbia name EMI

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LOMBARD

# A university for the world

BY C. GORDON TETHER

FOR ALL the efforts it has been making for many years now to demonstrate that it is much more than an unruly debating society which devotes its time to exacerbating the differences between peoples rather than reconciling them, the public image of the United Nations, in the affluent world at least, is not good. So one imagines that the reaction in this, as in most other advanced countries to the recent unveiling of the plan it is working on to create a "world university" will have been generally hostile.

One can assume that those who see the current interest in evolving new inter-dependence mechanisms as just another aspect of a big drive to establish world government sponsored by multinational companies and similar "vested interests" will have viewed the idea with the utmost suspicion. And it is pretty certain that many of those who would not go so far as to question the motives will have asked themselves this: what possible justification can there be for adding yet another name to the already mammoth list of international bodies engaged in global-scale activity of the very kind one might expect a "world university" to concern itself with.

## New concept

However, those who are prepared to go to the trouble of taking a closer look at this project, may, I suggest, come to the conclusion that it has a great deal more to commend it than may appear at first. This will reveal, to begin with, that it is not intended to be the centralised seat of learning—dispensing a suitably internationalised form of higher education—that its name suggests.

As it happens, it was an institution of just such a kind that former UN Secretary-General U Thant had in mind when he first put forward the idea of a world university in his annual report in 1969. But it attracted a great deal of criticism—mainly on the grounds that, with so many other internationally-oriented universities already in the field, it would be wrong to create another institution that would be competing for scarce teaching and research resources in order to be the most international of all. So it was not proceeded with.

The name survives in the new venture that is now taking shape but the concept has changed—and radically changed at that. As Dr. James Hester, the former head of New York University who will be its first rector pointed out during a recent visit to the U.K. aimed at stimulating interest in the project, it will be like traditional universities in the sense that it will be dedicated to "the advancement of knowledge concerning universal problems of humanity through research and advanced training at high levels of academic quality."

But it will be very unlike them in that it will have no degrees of its own, no central permanent faculty and no main campus. Instead it will function, has Dr. Hester put it, "through a variety of incorporated and associated institutions and contractual relationships designed to achieve international intellectual collaboration focussed on major practical human problems."

To the extent that it will have a headquarters at all—and this will be more or less limited to the governing council and the rector—it will be located in Japan. But the great bulk of its work will be done by "organising networks of institutions working on similar problems, with the emphasis on connections around the globe from East to West, as well as from North to South." Two such institutions—one in India working on post-harvest food conservation and one in Guatemala that is concerning itself with applied nutrition—have already been recruited.

This wide distribution and the "homely" character of its intended work, plus the fact that a great deal of trouble has been taken to see that it will be able to function free of political interference of all kinds, should go a long way to dispel fears that it is just another manifestation of a plot to bring us all under the control of a global "Big Brother" system.

But, having satisfied ourselves that it can do no serious harm, we have to proceed to ask whether it is going to be able to do enough good to justify all the expense and the trouble of establishing it on the map. And the answer that its sponsors give to this question is that it is destined to be a highly valuable addition to the international scene in three senses.

One is by meeting the need for an instrument to identify and help solve world-wide problems through international intellectual co-operation. The second is by strengthening the capacities of institutions to apply knowledge to practical problems — particularly in developing countries. The third is by enabling the academic world to play a much bigger part than it does now in helping to maintain peace.

Time alone will show whether performance has matched promise. In the meantime, however, it must surely be said that an institution setting out to scale heights such as these deserves all the support and encouragement we can give it.

GARDENS TO-DAY

# Success and failure in the dry weather

BY ROBIN LANE FOX

I HAVE TAKEN two gambles on the dry weather, the most recent of which has failed, the more distant has succeeded. A month ago the drought seemed to be coming to an end. Crows were cawing in a rainy sort of way, the wind was rattling the tool-shed door and I dare say the heifers were flaring their nostrils and sniffing the currents of air. Down went my Extra Super Number 1A Plus Emerald Velvet Lawn Seed (without ryegrass), and I allowed about two ounces to the square yard, feeling generous. The thunder rumbled drily, and I left the seed uncovered, thinking that the rain would settle it. The rain passed over the other side of the hill and the sparrows took its place. Extra Super Lawn seed is said to be bird-proof nowadays, and sparrows love it. In times of drought, they eat it, roll in it, scatter it and if they spit it out later, they certainly do not spit it out where they first found it. After a month, I have a lawn, one third of which has germinated in rose-beds and along the sparrow runs. One third has failed in the heat and the other looks green if you view the dandelions from a distance.

## Promising

Suspecting that other gardeners may have suffered similarly, I will report on my rather obvious second attempt which looks more promising. I have re-sown the gaps, having first laid some damp compost over a surface which has become intolerably hard. I have covered the seed with about one eighth of an inch of light compost too, having found in previous years that this light covering helps the seed to germinate when sown so late in the season. Had I not believed that it was always about to rain during the coming and going of fine spells in the past month, I would have covered the seed from the start. I will not resort to any mixture with rye-grass or the seductively-named "meadow-stalk" in it unless I am forced by poor germination to do so. Similarly, I would never buy turf. Nowadays it is bound to contain rough grass, for who would sell a ready-made lawn of fine fescues?

Attention to the lawn knows no end and is no longer even moderately expensive. But I would advise any gardeners who wants a manageable lawn in an open site to try seeding it first with a fine mixture. If it works, as it usually does, it will need less mowing and look far prettier. Hitherto, though not this year, I have used the mixtures sold by Suttons of Reading and although they have not been asked to fill a large area, they have been excellent. If you sow them in spring, you can encourage them with fertiliser later in the season. I continue to use a home mixture of half an ounce of sulphate of ammonia to four or five ounces of light compost, the mixture being applied to a square yard of grass. On no account increase the chemical proportion, as a higher dose of this nitrogenous fertiliser will merely scorch your lawn. The mixture is cheaper than marketed brands and quite satisfactory. But remember that fertilised lawns will need to be mowed more often. Weigh up the balance before acting.

Enough of these failures. My success has been a gamble taken two years ago on the Cistus and its relations. These marvellous shrubs are not at all entirely hardy in gardens in the sort of winters which used to come our way. But when men start talking about a return to the Ice Age and actually pay professors to lecture on it, you are advised to be perverse and risk some exotic Cistus. When the Ice Age theory was first warming up in 1974, I ordered a bush or two of a related shrub called *Mamimiocistus Wintonensis*. They are alive and quite happy beneath a south and west wall and are covered in fat flower-buds. The flower are spectacular. Rounded like a Cistus's, their white flowers are marked with a central zone of maroon. Of course the individual flowers do not last long but their succession continues and is most attractive in late May-June. I am determined to bring this rather low-growing shrub through the winter. We owe it to Hilliers of Winchester, who bred it.

It is not, to my nose, especially well scented. Now, the second pleasure of the Cistus is its extraordinarily evocative pungency. The leaves and stems give off that glorious scent of the Mediterranean maquis, especially when the sun has heated them, and I would make them my first choice as an evergreen shrub beneath my house window. Those whose stems are sticky with gum are the most strongly scented. I should grow, but do not, the gummiest, which is called Ladanifer, but it certainly not the hardiest. It has been known in English gardens for over 300 years, and I know from others' plants that its smell is particularly strong and its red-blotched white flowers are very conspicuous. Instead, I grow one called Loretii which is a hybrid, possibly hardier as it is quite unperturbed after several cold winters in the botanical garden from which my cutting derives. It seemed to me in a cistus collection, to be the most aromatic of all, but its identity is now disputed. It is apparently confused with the lower, but similar, Cistus *Lusitanicus Decumbens* by those who have claimed it in the past. I would only buy Loretii from a nursery catalogue which separates it clearly from its close companion and stocks both quite distinctly. You may think it is fussy advice, but I only want to pass on a personal observation of the scent of the Cistus, and the true Loretii seems to me to be the most delicious.

If you have room for a larger bush you could be as content with the lovely Cyprius. I saw and bought mine at Notcutts Nursery, Woodbridge, Suffolk, where it is particularly happy and I do not think there is a finer near-hardy shrub for a dry place. Crimson-blotched white flowers again, a scent on stems and leaves which is probably the equal of Lorettii despite my slight distinction between them, and a pleasant habit of turning grey in its leaf from late summer onwards: it grows quickly, will reach a height of five or six feet and is not altogether tender in a cold winter. You must be lucky, however.

It is odd that some of this obliging family are slow-growing. Beware of the pretty pink-flowered hybrid "Silver Pink" if you want a large, dense bush. It is handsome, but not at all rapid. Among the pinks I am enjoying Purpureus most of all at this time of year; its shocking pink-purple flowers are so bright and it is not too tall and most quick-growing. I would not trust it in winter, however.

## Alternative

If you are worried after all about the new Ice Age, not least because we are now being told of a new drought-pattern, then you should confine yourself to *Cistus Corbariensis*. It is not a bad alternative. It grows more lowly and elegantly than some of its more colourful brothers. I think it looks particularly pleasant when planted beside a path or the straight edge of a border over which it can extend in a neat round mat. The flowers are abundant now, white stained faintly with yellow at their base. It grows very rapidly and would be an excellent treat or present from a garden centre where I often see it ready even now for transplanting in a black polythene container. Like other Cistuses, it can be increased only failry easily from cuttings. Take these in late July after flowering and set them in a pot under a polythene bag if you want them to be likely to succeed. I do not think you can ever have too many of these evergreens.

If the lawn continues to fail, I will be tempted to put it down to Cistus, graze it with a goat and live on the summer scent of the best of the Mediterranean which not even our foreign exchange rate can take away from the garden in a warm year.

RACING — BY DOMINIC WIGA[N]

# Piggott poised for Cup

NOEL MURLESS and Lester Piggott, who have combined to land so many memorable victories at Royal Ascot in the last 25 years, seem poised to lift to-day's Royal Hunt Cup with that high-class 4-year-old, *Jumping Hill*.

A handsome grey colt trained by Murless for his close friend and long-time patron, Mr. George Pope Jun., of California, Jumping Hill has run well on each of his three appearances this season. Last time out he put up a particularly good effort when winning the Hambleden Handicap at York.

Sent into the lead almost from the start in that highly competitive one-mile event, Jumping Hill had to be driven out only with hands and heels to defeat Rebec, to whom he was conceding 10 lb, by three-quarters of a length. Jane's Joker, in receipt of 8 lb, was another one and a half lengths away in third place.

Jumping Hilt, who meets *Rebec* on only 2 lb worse terms, seems likely to find the favourite, *The Hertford*, and the lightly weighted *Court Lane* his most formidable opponents. Court Lane, who has been maintaining consistent form since early spring, appeals as the each-way value bet in this tricky race.

ROYAL ASCOT
2.30—Thieving Demon
3.05—Triple First*
3.45—Jumping Hill
4.20—Guichet
4.55—General Ironside***
5.30—Ca Marche**

Few two-year-old fillies have made a more pleasing debut than the Michael Stoute-trained *First*, who stormed throu[gh to] land the Anne Boleyn Sta[kes at] Sandown a fortnight ago [...] running green in the early [...] I hope to see this daugh[ter of] Field Mouse accounting f[or con]siderably tougher opposit[ion in] the Queen Mary Stakes.

If Triple First is to be [...] Mr. Jock Whitney's prog[eny of] Swing Easy filly. *Easy La[...]* will probably be the [...] Lester Piggott's mount ha[s ...] twice since opening her a[ccount] at Chester seven weeks a[go and] has further improvement [...]

Piggott rode a superb [...] Blood Royal to take [the] Queen's Vase a year ago [...] expect him to have few pr[oblems] on *General Ironside* in [this] event. Another probable [winner] for the maestro is *Ca M[arche]* among the runners for the [...]borough Stakes.

LAWN TENNIS — BY JOHN BARRE[TT]

# Tough draw for top seeds

ARTHUR ASHE and Chris Evert, the two Americans who are the official singles favourites for Wimbledon, which begins on Monday, both have problems as a result of yesterday's draw.

Defending champion Ashe's quarter contains Mark Edmondson, the man who astonished the tennis world in January by blasting his way to the Australian title, and Miss Evert will again be threatened by another Australian, Lesley Hunt, whom she has met in the opening round for the past two years, and who is perhaps the strongest of the floaters.

Sue Barker

The No. 2 seeds have fared better. Jimmy Connors (U.S.) has Australia's Dick Crealy or the left-handed Egyptian Ismail El Shafei as the chief threats, and Evonne Cawley has her one-time Australian Federation Cup partner Dianne Fromholtz as the most serious rival.

If form works out predictably the 16 men's seeds will emerge like this: Ashe 1, v. Jan Kodes (Czechoslovakia) 15; Paul Ramirez (Mexico) 8, v. John Newcombe (Australia) 10; Ilie Nastase (Romania) 3, v. Jaime Fillol (Chile) 13; Adriano Panatta (Italy) 5 v. Tom Okker (Holland) 9; Tony Roche (Australia) 12 v. Guillermo Vilas (Argentina) 6; Brian Gottfried (U.S.) 14 v. Bjorn Borg (Sweden) 4; Eddie Dibbs (U.S.) 11 v. Roscoe Tanner (U.S.) 7; Stan Smith (U.S.) 16 v. Jimmy Connors (U.S.) 2.

Britain's Mark Cox is in Kodes's section. Kodes, the 1973 champion, must first beat one of last year's surprise doubles winners Vitas Gerulaitis (U.S.), whose chances I fancy.

Roger Taylor is in the same section as Newcombe: but the three-times former champion has serious arm trouble and may not even be fit enough to start. All will depend upon the outcome of his Davis Cup singles against New Zealand's Brian Fairlie, to be played at Nottingham on Saturday.

Buster Mottram is in Tanner's section and should survive his opening match against Hans Pohmann of Germany, and then beat either fellow Briton Jon Smith or Carlos Kirmayr of Brazil.

## Drysdales paired

David Lloyd, even with the help of his £115 graphite rackets will be doing well to beat Borg in round one, and his brother John will need to improve upon his Nottingham form to win his opener against the experienced Australian Phil Dent.

The draw has brought together the two Drysdales for an opening match — Robin the Oxford Blue against Cliff, the South African two-hander — in Stan Smith's quarter.

Another curiosity is tha[t ...]fried's section contains [...] Americans. Even allowi[ng for] the fact that there are 32 [...] accepted players from th[e U.S.] the odds against finding [...] together must be long. [Of] them, Tom Gorman and [...] Lutz are big threats to [...]fried's seeding.

If the women's seeds [...] the quarter-finals will be: Evert (U.S.) 1 v. Olga Mo[rozova] (USSR) 5; Martina Navr[atilova] (Stateless) 4 v. Sue Barker [...] 7; Kerry Reid (Australia) [...] Virginia Wade (GB) 3; [Rose]mary Casals (U.S.) 6 v. E[vonne] Cawley (Australia) 2.

If Miss Evert beats Mis[s ...] she could then face Betty [Stöve] (Holland), who pushed h[er to] the limit last year, and [...] Norton, best of the Am[erican] teenagers.

Mrs. Morozova has a [...] section. Last year's [...] champion Ann Kiyomura [...] first opponent, with the [...] young Czech Regina Mar[...] next in line and her co[...] woman the promising 17-y[ear-old] Natasha Chmyreva lurking [at the] bottom of her section.

It is rare enough to fin[d ...] British girls seeded and [...] ing therefore to record [...] Susan Barker, the French [cham]pion, is certainly good e[nough] to survive in her section a[gainst] the American Valerie Zieg[e...] Gail Lovera (formerly [Cha]freau) of France, or even [...] champion Maria Bueno (B[razil]) back after eight years.

Virginia Wade has a [...] match against Michele Tyl[er, a] young British girl who last [...] won the French junior title [...] will then probably play an[other] Briton, Lesley Charles in [round] two. Thereafter one of th[e] South Africans Marise Kru[ger or] Linky Boshoff will be lyi[ng in] wait.

YACHTING — BY ALEC BEIL[...]

# Fast ride home to Spithead

ROBIN KNOX-Johnston, with his crew of eight men and a girl, may better his own predicted finishing time aboard Tony Morgan's More Opposition when they reach the finishing line of the Round Britain Race, off the east of the Isle of Wight, probably early to-day.

Yesterday they reported that at 2 p.m. they were 28 miles north of the North Foreland in a position due east of Frinton.

Their nearest known rival in Class 1, Donald Parr's White Quailo, reported that she had passed the Smith's Knoll lightship, 70 miles further north, five hours earlier.

She appears, therefore, to be about 30 miles behind the leader, but there could be other yachts between them which have not been sighted or have not made radio contact.

Before sailing from Southsea 10 days ago, Knox-Johnston thought that they would take between 12 and 14 days non-stop for the 1,860 miles but light following winds, which stayed astern and increased to gale force off the west of Scotland, helped them with a fast time to the Shetlands.

Since then they have had a fast sail down the North Sea.

Weather has caused several problems for the 15 yachts sailing the full distance, the Dutch yacht Nymphaea having joined Lutine with a dismasting after she had rounded the northern point of the Shetlands at Mukkle Flugga.

Meantime, little news has been received from the 45 training ships and yachts that sailed on May 23 from the Canaries to Bermuda on the second stage of the Tall Ships Race to America. Many are thought now t[o be] motoring for Bermuda afte[r days] of calm not long after the [start]. The deadline for the Ber[muda] finishing time has al[ready] passed.

The restart from Bermu[da to] Newport, Rhode Island, is [...] for Sunday to enable the [fleet] which will have increased [from] 45 to more than 90 vessel[s, to] sail from Newport to New [York] in company, arriving off [Man]hatten on the bi-centenar[y] Independence Day.

Race results — Teneriffe-Bermuda: 1, Tovarishch (US[SR]); 2, Kruzenshtern (USSR); [3,] Stella Polare (Italy); 4, St[...]beker (W. Germany) (su[bject] to inquiry); 5, Great Brita[in II] (U.K.); 6, Gypsy Moth V (U[.K.]); 7, Gladan (Sweden); 8, Chr[istian] Radich (Norway). Only [...] finished within time limit.

SALEROOM — BY ANTONY THORNCROF[T]

# Miniature makes £8,250

A MINIATURE by Samuel Cooper, the 17th-century artist, of Sir Thomas Hanmer, the noted horticulturalist, sold to Bischoff for £7,500 (plus the 10 per cent. buyer's premium) at Christie's yesterday.

It had been sent for sale by a descendant, Lt.-Col. R. G. Hanmer, and fetched close to the top of its pre-sale estimate.

This was the highest price in an auction of miniatures and objects of vertu which totalled £79,520. Another miniature by Cooper, this time of Frances Jennings, Duchess of Tyrconnel (and sister of Marlborough's Sarah), went to Leggatt, bidding on behalf of the National Portrait Gallery, for £3,500—above forecast.

One other miniature that did well was one dated 1667 by Peter Cross, of Elizabeth, Countess of Chesterfield. It went to Lavender for £2,000.

A George IV oblong gold presentation snuff box with the arms of Jersey and an inscription in French telling how it was given to Edouard Nicolle in 1827 in recognition of his work for the island, was bought for £2,400. The purchaser was the Jersey dealer, Geoffrey Godfrey, acting for Mr. Eric Young, the orchid grower, who intends to pass the box on to the St. Helier Museum in Jersey.

Among the Russian items on offer, a nephrite elephant by Fabergé was on target at £3,000. A rare George II combined silver snuff box and vinaigrette, in the form of a miniature buckled court shoe, sold for £2,500—about

£8,250 for miniature

three times the forecast—while a George II cartouch-shaped gold snuff box, set with a bloodstone panel, made £2,400.

Christie's sale of drawings contained few excitements and totalled £27,896. Top prices, however, far exceeded expectations. A view of a Neapolitan couple dancing, by Alessandro D'Anna, sold for £1,900 and 22 drawing[s of] costumes of Switzerland [were] acquired by Thorn, a Ger[man] dealer, for £1,600.

The Sotheby's auction of arms and edged weapons [went] according to plan with a tota[l of] £54,670. The percentage bo[ught] in was 8.09.

Top price was the above-[...] £5,600 (plus 10 per cent.) [paid] for a pair of 12 bore spo[rting] guns by Westley Richards. [Of] more interest was the £5,[...] (around three times the [esti]mate) for a Colt percussion 1851 navy revolver. A pair [of] Liège flintlock holster pistols 1730 sold for £3,800, and a sp[ort]ing gun by Boss for £3,400.

Phillip's held its most succ[ess]ful ever jewellery sale in L[on]don, bringing in £116,147. L[ess] than 1 per cent. was unsold.

An antique diamond [and] emerald brooch was bought [by] S. J. Phillips for £8,200, a[nd] Shaheen paid £6,000 for a diamo[nd] two-stone ring.

In the furniture sale, whi[ch] made £54,400, a 17th-centu[ry] Spanish iron chest went to Dav[id]son for £1,000.

# Fun arcades control sought

Mr. Roy Jenkins, Home Secretary, is being asked to tighten up the law concerning the running of amusement arcades.

The call has come from Westminster City Council after its unsuccessful battle to close the Playland amusement arcade near Piccadilly Circus, amid accusations that young boys were being tempted into prostitution there.

The council is asking M[r.] Jenkins to extend the 1968 Ga[m]ing Act so that the renewal [of] a permit could be refused [on] the grounds that emerged in th[e] Playland case.

Wing Commander Bi[ll] Kearney, chairman of the coun[cil]'s general purposes committee said: "At the moment Playlan[d] is well organised."

# TV/Radio

† Indicates programme in black and white.

## BBC 1

7.05 a.m. Open University (UHF only). †9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.50 p.m. 'Steddfod yr Urdd. 1.15 News. 1.30 Mary, Mungo and Midge. 2.01 For Schools, Colleges. 3.00 Royal Ascot. 3.58 Regional News (except London). 4.00 Play School. 4.25 Huckleberry Hound. 4.30 Jackanory. 4.45 Star Turn. 5.15 The Changes. 5.40 The Wombles.
5.45 News.
6.00 Nationwide.
6.50 Sportstown.
7.25 The Osmonds.
8.10 Survivors.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.10 News.
9.35 Amateur Boxing: Great Britain v. U.S.
10.25 André Previn's Music Night.
11.15 To-night.
11.40 Boxing: further coverage.
12.00 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Y Tir Newydd—America, part 1. 6.00-6.50 Wales To-day. 6.50-7.15 Heddiw. 7.15-7.25 Tom and Jerry. 12.00 News and Weather for Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 12.00 News Summary and Weather for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

## BBC 2

6.40 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
2.00 p.m. Royal Ascot.
5.00 Open University.
7.05 I See What You Mean.
7.29 Weather.
7.30 Newsday.
8.00 Gardeners' World.
8.35 The Country Game.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.10 Wimbledon '76.
10.00 The Love School.
11.10 Newsnight.
11.25 Closedown: Gwen Watford reads "The Little Falls Pool" by Norman MacCaig.
11.30 Open University.

## LONDON

9.30 a.m. Schools Programmes. 10.30 A Big Country. 11.00 Schools Programmes. 12.00 Here Comes Mumfie. 12.10 p.m. Rainbow. 12.30 TUC Special. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Rooms. 3.00 The Great Little Trains of Wales. 3.25 TUC Special. 4.25 Michael Bentine's Potty Time. 4.50 Hogg's Back. 5.20 The Flintstones.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 Whicker's World—Down Under.
8.30 Dangerous Knowledge.
9.00 Luke's Kingdom.
10.00 Party Political Broadcast on behalf of the Conservative Party.
10.10 News at Ten.
10.40 International Sports Special—Soccer and Boxing.
12.00 What The Papers Say.
12.15 a.m. Lone Parents.

All ITV Regions as London except at the following times:—

## ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Survival. 6.00 About Anglia. 12.00 The Big Question.

## ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 ATV To-day 1, including Junior Police Five. 6.00 ATV To-day II.

## BORDER

†1.20 p.m. Border News. 5.20 The Partridge Family. 6.00 Border News and Lookaround. †12.00 Border News Summary.

## CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Arthur. 6.00 Report at Six. 10.00 Vision USA. 12.00 News and Weather in French followed by Epilogue.

## GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Batman. 5.45 Police Newsroom. 6.00 Grampian Today. 12.00 Evening Prayers.

## GRANADA

1.20 p.m. This is Your Right. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 12.04 a.m. What The Papers Say.

## HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.00 Survival. 15.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Three Little Words.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Rhifedodau. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

## SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 12.00 Late Call.

## SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Road Runner. 5.25 Crossroads. 6.00 Day by Day. 12.00 Southern News Extra.

## TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 5.20 Skippy. 6.00 Today at Six. 12.00 Epilogue.

## ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 3.23 Ulster News Headlines. 5.20 Fantastic Voyage. 6.00 Summer Reports.

## WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Arthur. 6.00 Westward Diary. 12.00 Westward Late News. 12.03 a.m. Faith for Life.

## YORKSHIRE

1.20 p.m. Calendar News. 5.20 Calendar. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Don't Ask Me.

## RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's DLT OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

## RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin, 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Ray Moore (S). 1.30 p.m. Sports Desk. 1.35 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 Sports Desk and Racing from Royal Ascot. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Sam Costa (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Games People Play. 7.30 Sports Desk. 7.32 The Story Behind The Song. 8.02 Two In Mind (S). 8.30 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.05 Words and Music (S). 11.02 Jean Challis with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

## RADIO 3 464m, Stereo & VHF

‡ Medium Wave only.

7.00 a.m. News. 7.05 Your Midweek Choice—Part 1: Bach, Beethoven, Brahms (S). 8.00 News. 8.05 Your Midweek Choice—Part 2: Josef, Franz and Richard Strauss (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 9.50 Organ Recital (S). 10.40 Tuval Piano Trio recital—Part 1: Mozart, Brahms (S). 11.25 Words . . . 11.30 Recital—Part 2: Schubert (S). 12.10 p.m. Three Film Scores: Music by Lambert, Copland, Shostakovich (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Berlin Festival 1975 concert—Part 1: Schubert, Mendelssohn, Paganini (S). 3.00 Interval Reading. 3.05 Berlin Festival 1975—Part 2: Stravinsky. 3.45 Welsh Chamber Music (S). 4.25 Rossini and Mozart concert (S). 5.00 Choral Evensong. 15.45 Homeward Bound. 16.05 News. 16.10 Homeward Bound (continued). 16.30 Lifelines: Language and Communication. 7.30 Shelley: Unacknowledged Legislator. 8.30 Aldeburgh Festival 1976 concert—Part 1: Mozart, Britten (S). 9.15 The Arts Worldwide. 9.35 Aldeburgh Festival concert—Part 2: Nordheim, Strauss (S). 10.30 Scientifically Speaking. 11.15 Marisa Robles harp recital: Pierné, Hasselmans (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m.; 5.45-7.30 p.m. Open University.

## RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer For The Day. 6.45 Today. 7.00 News and more of Today, including 7.45 Thought for the Day. 8.00 News and more of Today. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World (‡ from 9.25). 19.35 Finger On The Pulse. †10.00 News. †10.05 In Britain Now. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Round Britain Quiz. †11.30 Thirty-minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain Of Britain 1976. †12.55 Weather and programme news, VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00), including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Songs Over The Land. 4.35 Story Time. 5.00 PM Reports. 15.50 Financial Report: VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 A Plain Man's Guide to Communism. 8.15 Sid James (an appreciation). 8.45 Time for Action. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today In Parliament. 11.30 News.

For Schools (VHF only) 9.25 a.m.-12.00 and 2.00-3.00 p.m.

## BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Mike Sparrow with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons's Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 In The News. 4.32 Nick Handel with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Quest. 8.30 Soul: 77. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

## London Broadcasting

261m and 97.3 VHF

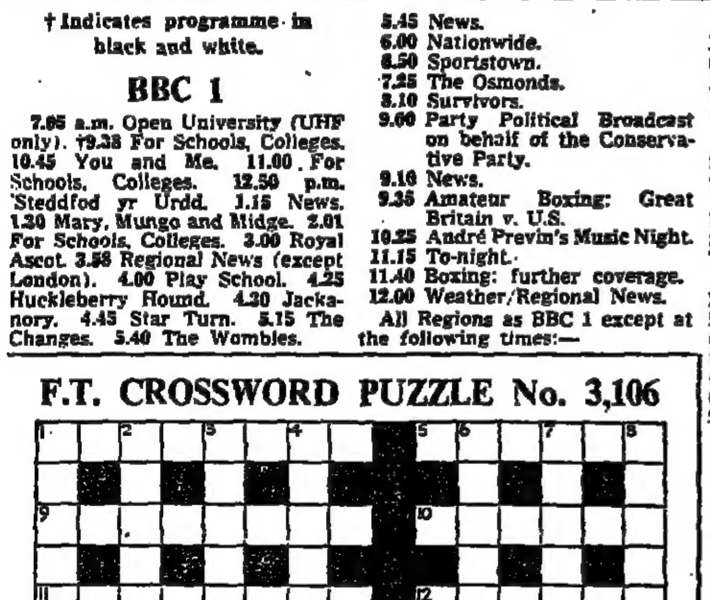
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. News, watch. 3.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

## Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London To-day. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.0 The Late Show. 2.00 a.m. Night Flight.

## F.T. CROSSWORD PUZZLE No. 3,106



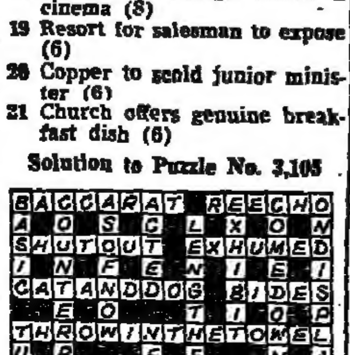
ACROSS

1 Most of what star actor receives (4, 4)
5 Entrance airman with tax (6)
9 Enormous defeat (8)
10 Appropriate to support the Queen (6)
11 Understood by one member receiving lawful. . . . (8)
12 . . . twist to odds on shower (6)
14 Encourage carpenter to have snack (3, 2, 5)
18 Keep same direction when made to run a series of lectures (4, 6)
22 Decrease sound instruction (6)
23 Draw the line after domestic self-determination (4, 4)
24 Not liking a thing to be changed (6)
25 Part of month attracting a tax (8)
26 Grasping key with a thin scratchy tone (6)
27 A considerable amount of reasonable timber (4, 4)

DOWN

1 Objection can intervene (4, 2)
2 Walks stiffly at close of play (6)
3 Apple with which to thwart Peg (6)
4 Management abroad is coming to an end (7, 3)
6 Vehicle takes a step into its Shell (8)
7 What eastern member possesses is weight (8)
8 Two points about bed that's least disturbed (8)
13 Carmen mounted as a western (5, 5)
15 Beast restored to health means to go all the way (5, 3)
16 Intimate relationship with cloakroom that is. . . . (5, 3)
17 . . . hidden though visible in cinema (8)
19 Resort for salesman to expose (6)
20 Copper to scold junior minister (6)
21 Church offers genuine breakfast dish (6)

Solution to Puzzle No. 3,105




هكذا من الأصل

Canadian theatre

# Daughter of Stratford

by B. A. YOUNG

"Daughter am I in my mother's house," Kipling wrote of Canada, "but mistress in my own." History repeats itself: it is unlikely that anywhere in the English-speaking world will you find more or better Shakespeare than at Stratford, Ontario.

Why should this be, I will discuss in another article; in this I will just offer some evidence. Last week I saw an *Antony and Cleopatra* of triumphant beauty, a *Merchant of Venice* with some points of interest, a cool and benignant *Tempest*, and two performances of *Hamlet* with alternate Hamlets. I also saw a fine production of Congreve's *The Way of the World*, and a stylish *Importance of Being Earnest*: but Shakespeare first.

The first and happiest thing to say about *Antony and Cleopatra* is that as Cleopatra Maggie Smith has returned to the topmost standards she showed at the National a decade ago in her Desdemona, her Beatrice, her Silvia in *The Recruiting Officer*. The performance owes nothing to any received ideas (thus confounding the Stratford audience, not to mention the Canadian critics, who could not understand why she wasn't more like Elizabeth Taylor).

She is not visually voluptuous, but wiry and active, her succession of simple caftans falling straight to the ground to give a tidy look to the body that is contradicted by the individual beauty and intelligence of the head under its simply-dressed auburn hair. Emotions flicker kaleidoscopically across her face and her voice, when she says "I am ill—and well" she is each incontinently by turn. There is not an inflexion or a gesture that is not fresh and personal.

As Antony, Keith Baxter shows us the private life of an iron man, an erect, grey-bearded general, imperious in his dealings with soldiers, a conscious equal of Alan Scarfe's cool, undeviating Octavius, dying ultimately, almost in the dark, with a moving gravity.

Robin Phillips, who is Artistic Director of the Stratford Festival and has himself directed or co-directed seven of the 10 plays to be presented, demonstrates to perfection in this play the ascetic economy of his style. The stepped thrust stage of the big 2,800-seat Festival Theatre is almost bare of props or scenery; Mr. Phillips's only tools are the text and the players. The Romans wear a simple uniform of white vest and kilt, apart from the rich attire in which Cleopatra dies, with its immense peacock-tail train, there is no use of spectacle. The spectacle is engendered in the mind, and there it is generous and powerful.

The same ascetic approach is demonstrated in *The Tempest* and *Hamlet*, which are at the small, pretty proscenium theatre, the Avon in Stratford's Market Place. *Hamlet* is as imaginative a production as I have seen of the play, though essentially a director's production with little room in it for star performances. It is done against a black background on a bare stage to which is added a small balcony, with staircase approaches from sundry directions. Almost all the costumes are black or grey. Denmark's a prison.

Richard Monette, the first Hamlet I saw, is a young Canadian actor of evident talent. His Hamlet is a determined young man, by no means overcome by the circumstances that deprive him at once of father and throne. "A little less than kin" is no muttered aside: he shouts it at Claudius (well played by Michael Liscinsky) knowing himself his equal. Better than usual one understands why Ophelia calls him soldier, scholar, the expectancy of the state.

Nicholas Pennell is determined too—Robin Phillips seems mercifully unmoved by the Kottian image of Hamlet as a sad provincial student dabbling in underground politics—but where Mr Monette is soldierly, Mr. Pennell is princely. I quarrel with some of his actions, especially his astonishing violence against his mother. he is best when most poetical, and speaks an exceptionally beautiful "To be or not to be."

A poised and attractive Ophelia by Marti Maraden makes a fit sister to Richard Partington's warlike Laertes. Mr. Monette gives her an affectionate hug at the "nunnery" scene: Mr. Pennell is characteristically rough. I think it must be wrong, though, to confine her in a strait-jacket in her mad bits — Claudius's courteous "How do you, pretty lady?" sounds very odd in the circumstances—and I think she should sing, not speak, her mad songs.

Eric Donkin's Polonius runs off his "few precepts" as he leafs through his state papers. The Queen, as Faith Brook once did, holds a glass of wine in some early scenes, so leading nicely to her ultimate fatal draught; Patricia Bentley-Fisher is motherly to Mr. Monette. Pat Galloway is rather sinister to Mr Pennell. The Players—an amusing touch—are a terrible company doing all the things that Hamlet forbids.

Like *Hamlet*, *The Tempest* is co-directed by Mr. Phillips with William Hutt. It displays the remarkable visual imagination one recalls from some of his work here. As stage-furniture he does not discriminate between people and things (I remember a production at Exeter where small children were played by spotlights and a black man by a bouncing balloon), and here the boundless black of the cyclorama crystallises upstage into a chorus of spirits, mute figures in white makeup and black shifts. They may mime an action, set a mood or simply people the stage.

William Hutt is a rather cross Prospero, though one of the evening's most moving details, Ariel's hand creeping up to touch his as he commends mercy to the King and his men, suggests a deep and lasting affection. Ariel is played by Nicholas Pennell, ethereal in white, with a delicate birdlike step; his fellow-Hamlet Richard Monette is his fellow-spirit Caliban in more than usually human shape. Ferdinand and Miranda, Jack Wetherall and Marti Maraden, are an entirely lovable pair who get much more fun out of their parts than usual. The scene where Miranda encounters Ferdinand carrying logs is made by Mr. Wetherall into unexpected and delightful comedy.

Back at the big theatre, *The Merchant* is directed by Bill Glassco, a Toronto director of note. He has set it fashionably among clubmen at the turn of last century, and falls into a trap. That setting works for the Venetian bourgeoisie; you can even accept Shylock's sporting bond if you mentally turn the flesh into some more likely forfeit of equivalent fatality. But Belmont, no. Belmont is fantasy. Susan Benson, Mr. Glassco's designer, has compromised with Albania, more or less, but even there I couldn't take those goings-on.

Nor, apparently, could Nick Mancuso's Bassanio, who reacts to his lucky draw from the caskets by mumbling and muttering about the stage like the young Marlon Brando, with never a sign of pleasure at winning the hand of Jackie Burroughs, a Portia as enchanting at home as in court.

A rather, random production wears a precious jewel in its head, Hume Cronyn's Shylock; yet at the conclusion of the trial that is far the best bit of the evening he is left stranded at the casual imposition of his appalling sentence, presently to become a Christian. A fate that must have struck the devout Jew as eternal damnation is pronounced here rather as a casual PS to his fiscal penalties.

*The Way of the World*, a remarkable victory over a pretty intractable comedy, with Jeremy Brett and Maggie Smith as Mirabel and Millamant, and Jessica Tandy as Lady Wishfort, must wait for my next piece, as must *The Importance*, a stylish production conventional at all points but for the playing of Lady Bracknell by William Hutt.

Zoe Dominic

Keith Baxter and Maggie Smith in 'Antony and Cleopatra'

Television

# Bicentennial treats

by JEREMY KINGSTON

Destination America: pioneers heading for the Middle West (Thames)

There can be few viewers left unaware that two hundred years ago an event of some significance occurred in certain British colonies over the water. The history of America has been pumped at us for months—to the astonishment, it is said, of the Americans. Alistair Cooke's saga has been re-running on BBC2, a series illustrated with good choice of location and archive material but inclined to be cosy around the more dishonourable episodes. A quality in the voice leaves the impression that the past has been unwrapped, and inspected but is now to be wrapped up, tied with a stout knot and put away.

The contribution from Thames is *Destination America*, an eight-part series having for its theme the populating of the country by the poor of Europe. By the early 1900s a million a year were fleeing from want or persecution, travelling in overcrowded ships to overcrowded slums. For many, their new world would be entered literally as a new person—thanks to the immigration officials' habit of anglicising tongue twisters such as Murzynowski to Morse or Bakunin to Cooney.

When hopeful emigrants become desperate immigrants the culture of the ethnic group tends to provide a saving buffer against despair. Sensibly, the programmes have utilised these cultural boundaries to define and divide a vast subject into manageable episodes. A fundamentally similar ordeal is thus presented from a succession of different slants—the Irish, the Scandinavian, the Jewish and so forth. So far this treatment has avoided the perils of flattening us with great chunks of material.

Film material of the crossing is necessarily sparse but we have been getting the reminiscences of some strikingly weathered and ancient survivors who tell it like it was—or at least like they remember it was. Most revealing are the still photographs of the period, grainy studies of immigrants on arrival, clutching one box, one bag or one battered case, and staring into the camera. Neither markedly enthusiastic nor notably depressed, their common feature is a resolute patience: embodiments of tenacity.

By the time the great bulk of the immigrants were arriving the lands westward had been cleared to receive them. Cleared, that is, of those inconvenient redskins that stood in the path of the white man's destiny. The fall and decline of the American Indian is a harrowing tale that received classic expression in the book *Bury My Heart at Wounded Knee*. It is currently the subject of an excellent BBC1 series, *The Native Americans*, going out very late on Sunday nights—though fractionally less late this coming Sunday than hitherto.

Once again the material has been organised as the experience of a succession of particular tribes but the historical records serve as a fairly brief prologue to the plight of the Indian to-day, drifting between the reservations and the city, pursuing an often artificial life in the one and a nothing life in the other. There are now just under a million of them, and while this figure may not include the population in Canada it does suggest, with more than 50 tribes represented, that some tribes may have fallen below the critical number necessary for survival. The suicide rate for young Indians is significantly high, ten times the rate for young Whites.

Nick Gosling, director of the series, includes up to a dozen interviews in each programme, his tactic being to leave the speakers in their workaday surroundings of office, clinic or yard and trust, rightly, to the interest of what is said rather than to some decorative periphery. If there was an interviewer his questions have been edited out. The impression left is of a group of fluent Americans, Indians and Whites, voicing their abiding preoccupations: how to give the Indians financial control over their futures; and how to balance the need (if there is a need) to adapt to the White man against the certain need to retain their own group culture.

Although last Sunday's programme showed film of the recent Indian occupation of Alcatraz, Seattle parkland and buildings in Washington, the main flavour of these short documentaries has been that of explanation. A more thrusting cry of protest was voiced by the Cree singer Buffy Sainte-Marie in the last of the current series of *The Camera and the Song*. All programmes of this sort run the risk of being "arty," adorning the screen with pretty pictures "inspired" by the mood of the words. For a few moments this one too gave us young lovers drawing nigh upon a hilltop but the context into which the image fitted was one of protest not day-dreams. Protest at the distortions of White history, at being processed into White America's colourful heritage. One song was linked to pictures of a smart White couple sporting their Indian necklaces, stretching their moccasinned feet on a Navaho blanket—while a family of old Indians trudged unnoticed along a dusty road to nowhere.

By a trick of planning so neat as to suggest a studied insult, Buffy Sainte-Marie's singing coincided with *Duel at Diablo* on BBC's other channel. This was a meretricious blood-and-guts Western of precisely the sort that rouses the Indian's anger. One cowboy hero could not even shoot his beloved horse (dying of thirst) because the shot might alert the cruel Apaches. That's the way to catch your audience. Against such hard-selling fiction the Indian version of history can make small headway.

Elsewhere in the week there were two highspots. Trevor Griffiths' political series *Bill Brand* (also Thames) is going to make absorbing watching this summer. The two opening episodes have introduced convincing sets of parliamentary goodies and baddies, compromisers and Whips with cold eyes. Very adroit casting. And the choice of Jack Shepherd as the new MP gives the series an actor of smouldering power at the centre. Shepherd has always excelled at portraying men straining at the mental leash. A sense of unpredictability, even alarm, used to radiate from his stage performances. On television this same feeling persists. Brand's turbulent inner life abruptly bursts out into short violent actions but these seracely reduce the seethe within. The times when he sits down and says nothing are no more than quiescent intervals between the eruptions that point his convictions.

One wants to go on and on following the career of a well-created character. The point that a comparable feeling exists with regard to a great actor was made in connection with the week's second highspot, John Gielgud's performance in Dostoyevsky's *The Grand Inquisitor*, transmitted on BBC2 for the Open University. This dramatization was designed as an exercise in Creativity for students of the "Personality and Learning" course who were asked to listen beforehand to an interview with Gielgud and afterwards to an evaluation of the performance in conceptual analytic terms.

I was instantly out of my depth in the latter with its repeated references to the works of Jackson and Messick — clearly refugees from Godot. However, I'm no judge of its quality since I haven't been doing the course. Gielgud's comments, on the other hand, on his own (intuitive) approach to the role—and to acting in general—will have made watching his performance that much more rewarding. Turning over in one's mind the rejected alternatives to a line he had asked to change. Considering why he stood up when he did, bent towards or turned aside from his Christ-like prisoner, watching the variety of means he used to punctuate the 16-minute monologue. In his interview he wondered if he was just indulging his old tricks learned from Shakespeare. The comment is typically modest but the issue it raises is an interesting one. Self-influence has not, I think, been studied in the work of an actor still great. Its extent would be interesting to assess—though I cannot imagine how young students will tackle it.

*Chris Dunkley is on holiday*

## Cockpit Plaie Howse (1616-66)

This year marks the 400th anniversary of the opening of the first English playhouse, "The Theatre," and to celebrate the occasion, the Cockpit Theatre in Marylebone are presenting a special season of music, visual and theatre events, both from the former period and newly commissioned. This will be presented within a reconstruction of the Cockpit Plaie Howse, a theatre which flourished in Drury Lane between 1616 and 1666, bridging the gap between Elizabethan and Restoration theatre.

The season opens on Tuesday June 22 with *The Lady of Pleasure*, a play by James Shirley, written in 1635 and will be followed by six weeks of evening music, dance and drama events, all relating to the period 1616 to 1666.

The Other Place, Stratford-upon-Avon

# Dingo

by MICHAEL COVENEY

Charles Wood's *Dingo* was commissioned by the National Theatre but banned by the Lord Chamberlain in 1967 before fetching up, via a production in the Bristol Arts Centre, at the Royal Court in the same year.

It remains a searing, pacifist entertainment set in the Western desert of 1943. Dingo and Mogg, the privates at the front, are clearly differentiated examples of the way war can act upon the human spirit: as Dingo, the professional soldier, becomes increasingly disillusioned over his reasons for fighting at all, Mogg, the recruited civilian, represents the sexual lust of bayoneting a path through the enemy and up the ladder of power. By the time Dingo finds himself interned along with the whimpering Tanky, Mogg, also imprisoned, is organising the camp into a respectably disciplined unit.

Mr. Wood's style of composition—spiky and impressionistic—has lost none of its force. Nor, indeed, has the language, which achieves kaleidoscopic density through use of barrack-room slang, period idiom and barbaric crudity. It is an English play that hates England in the same sort of ambivalent way as the early Osborne plays. It suggests that Alamein, indeed the whole war, was an unnecessary exercise in stupidity at the top for which humanity at large was no better off.

Historians and those who were there may quibble with that. But where Mr. Wood strikes a resonant chord is in the suddenly pinpointed mood of political helplessness and recrimination that Dingo expresses in the final scene.

The Entertainment Guide is on Page 10

Barry Kyle's production is carefree and not too uncomfortable to sit through. It is dominated by Ian McDiarmid as the confidential comic, hilarious in the second act concert party where three officers in ludicrous drag perform the "Eton Boating Song," "Lili Marlene" and the first encounter of Elyot and Amanda in *Private Lives* while covering an escape attempt. Paul Shelley is not really angry enough as Dingo, but Paul Moriarty and Richard Griffiths play Mogg and Tanky to their respective hilts.

Aldeburgh Festival

# Shostakovich

by MAX LOPPERT

Shostakovich's Sonata for Viola and Piano, Op. 147, first given in Leningrad last year, was played On Monday afternoon by Cecil Aronowitz and Nicola Grunberg to an audience that included Shostakovich's widow. It was fitting that the composer's last work should be first heard in this country at Aldeburgh, the scene of many marvellous performances resulting from the strong links forged between Benjamin Britten, the Russian composer and Russian musicians.

Inevitably, when first encountering the last musical thoughts of a great composer recently dead, one places an expectancy of final statements on the music that it was not necessarily meant to bear. But, if not exactly a point-by-point summing-up, the sonata poses the kind of reflective philosophical questioning on the nature of music itself that hints at Shostakovich's own sense of impending death. Its two dedications are of interest: the work itself to Druzhinin, violist of the Beethoven Quartet and first performer of the work; and the third and final movement, an Elegy "in memory of the great Beethoven."

This movement is the centre of the work, to which the first two, a broad but rather shadowy opening and the following Scherzo, biting but less bleak than earlier Shostakovich examples, both lead. At once built into and as it were called out of the music are the opening arpeggios and dotted rhythm of the Moonlight Sonata, contrasted with the falling-fourth pattern that is the work's own "insignia," in such a way as to thrust Beethoven's phrases into new contexts. The effect is at once to subject a long-loved musical object to strange, melancholy transformations; and, with the final stilling to peace of the rhythm and the falling-fourth over a pedal of C, to imply a renewal of faith in the Beethovenian tradition of music that is a moving and splendid envoy. The more so, because the middle part of the movement thrashes the viola upwards in gestures of despair that seemed unanswerable; and the black gloom remembered of earlier works in Shostakovich's "final period," notably the 13th and 15th Quartets, appeared to imply a spiritual darkness hard to penetrate.

As a whole, however, the work made an uneven initial impact. The fact that the first two movements remain intentionally unresolved did not for me dispel the sense of transparent material stretched so tight as at times to become insubstantial. Further hearings will, of course, confirm or dismiss such doubts, which may in any case have been occasioned by the performance itself: Mr. Aronowitz, though he shaped some singing and poetic phrases in the lowest register of his instrument, was sometimes distressingly insecure higher up, which lent the music an unhelpful air of shakiness. The presentation of the work was also a little unhelpful: instead of inserting it into a full, normal recital, which so worthy an exhortation to the continuance of music would demand, Aldeburgh had preceded the performance with a fulsome lecture by Donald Mitchell. At the end, Mr. Aronowitz, holding the score up to the first outbreak of applause like the tabernacles of Moses, introduced a note of absurdity into what should have been a solemn, but not holy occasion. Shostakovich's music has no need of such ritual: it is its own finest memorial.

Purcell Room

# Richard Jackson

by ELIZABETH FORBES

It was gratifying, on a recent trip to Germany, to be told several times how lucky we are in Britain to have so many fine young singers in the generation still under 30. The baritone Richard Jackson, born in 1949, is one of the most gifted and musical singers of that post-war generation, and has already demonstrated his special affinity with the world of classical Lieder and his recital on Monday aroused keen anticipation in the audience.

If Mr. Jackson was suffering from a cold, we were not informed of it, but some temporary indisposition had obviously struck his voice, so he could not sustain notes in the higher register at any volume. It was brave of him to continue the recital and one can only hope that the effort did not further harm his voice. The programme was certainly an interesting one, with the whole of the first half devoted to songs by Schubert written in the year 1826.

As Graham Johnson, the evening's pianist, pointed out in his excellent programme note, 1826 was not, by Schubert's standards, a particularly prolific year for the composer, but it resulted in some marvellous songs: "Der Wanderer an den Mond," the two Shakespeare settings, "Hark, hark! the lark" and "Who is Silvia?" as well as the well-known "Im Frühling" and the equally beautiful but less well-known "Lebensmut." This last song was finely sung by Mr. Jackson, who also declaimed "Irdisches Glück" with great rhythmic energy and phrased the wind-blown verse of "Uber Wildemann" most convincingly.

The second half of the programme contained settings of Spanish poems. Schumann's "Der Hidalgo" is a splendid, swashbuckling fellow, strongly characterised by both singer and pianist. Mr. Jackson sounded more comfortable in the songs from Wolf's *Spanisches Liederbuch* that ended the recital, especially in "Auf dem grünen Balkon" with its syncopated rhythms, and in "Herz, verzage nich geschwind," where he pointed the irony of words and music very subtly. Graham Johnson, too, found the Wolf songs the most rewarding, but he was a stalwart and helpful partner throughout the evening.

# Jeddah harbour contract

By William Dullforce

STOCKHOLM, June 15.

SKANSKA CEMENT, the Swedish construction concern, in collaboration with Grands Travaux de Marseille and the Greek Archirodon Company has won a Kr.4.6bn. (£575m.) order for the extension of Jeddah harbour in Saudi Arabia. About one-third of the contract goes to Skanska, it has been announced here, but full details await the return of the executives who signed the contract in Saudi Arabia.

The project includes the dredging of 8m. cubic metres, the construction of warehouses and 4.3 kilometres of quay to a dockside depth of 14 metres and the delivery and installations of cranes for both containers and mixed cargo. An arrival hall for pilgrims to Mecca and a mosque are understood to be part of the project, which is scheduled to be completed in five years. Some 2,500 men are expected to be employed, of which 280 will be recruited in Europe, about 100 of them from Sweden.

The contractors are being urged to start work immediately, as the present harbour is inadequate to cope with the swelling flow of Saudi imports. Ships currently have to wait weeks to unload.

Skanska has an annual turnover of some Kr.5bn. (£625m.). It has worked hard to gain foreign orders over the past few years with the result that about 30 per cent. of its current order book involves foreign contracts. It is also bidding for other Saudi projects, including the construction of a new airport and a flying school.

## Aircraft leasing deal

British Midland Airways has been awarded a contract by Libyan Arab Airlines for their specialist Leasing Service. The Libyan airline is to hire a Boeing 707 this summer to operate scheduled services within the Middle East radiating from Tripoli.

# U.K., Japan introduce new export credit guidelines

FINANCIAL TIMES REPORTER

BRITAIN has announced revised export credit guidelines, implementing its commitment to the unofficial agreement reached between the U.S., Japan and individual EEC countries to harmonise export credits.

The countries concerned agreed, after much protracted debate, to make unilateral declarations as a means of by-passing the European commission and keeping export credits within the control of the individual governments. The U.S. was the first to announce the revised guidelines—last Wednesday—followed closely by West Germany on Friday. Yesterday both Britain and Japan made their independent declarations—all countries setting out the same broad terms.

The British terms were announced by Mr. Edmund Dell, the Secretary for Trade, in answer to a Parliamentary question. The new guidelines, which apply to export credits officially supported of two years or more issued by the Export Credits Guarantee Department ECGD), will be effective from July 1. Existing commitments will be unaffected.

The new guidelines cover the minimum pre-delivery payments, minimum interest rates and maximum length of credit. Mr. Dell emphasised that these new terms were guidelines and as such were not to be regarded as norms. The ECGD would continue to consider cases individually and the new guidelines would be reviewed in mid-1977.

For the purpose of the guidelines, "buying countries are divided into three broad categories, on the basis, essentially, of their per capita income. For sales to all countries the minimum "cash" payments from the buyer by delivery will be 15 per cent. of the contract price.

For credit of two to five years the minimum interest rate will be 7.25 per cent. for all but the wealthiest category, for which it will be 7.75 per cent. These rates involve an increase in the 7 per cent. rate currently applicable to most business in this category. Some other countries applying the new guidelines will be involved in larger increases to give effect to the new minima.

For credit of more than five years—for which rates will continue to be set case by case—the minimum rates will be 8 per cent. for the wealthiest countries and 7.75 per cent. and 7.5 per cent. for those in the other two groups. Maximum lengths of credit for these groups will normally be five years, eight-and-a-half years and ten years respectively.

The guidelines may be waived in exceptional cases, for example to match more generous terms offered by competitors. Sales of ships, ground satellite stations, aircraft (including helicopters) and nuclear power plant will remain subject to the existing arrangements for such goods.

The ECGD commented that the changes represent a modest but useful advance in the control of self-defeating credit competition. For the U.K. the changes will not be great, reflecting the department said, the fact that in general the U.K. has in the past offered facilities which were towards the middle of the range of interest rates and lengths of credit offered internationally.

# U.K. boatyards build up exports

BY STUART ALEXANDER

A MAJOR export drive is to be mounted during the autumn and winter months by the British boatbuilding industry. The main emphasis will be on Europe and North America but a trade mission to Japan is planned for next spring with the possibility of a group of exhibitors being represented at the Tokyo Boat Show at the same time.

Spearhead of the campaign will be in October at Hamburg which has established itself as one of the leading centres for the European market and comes at a time when manufacturers are organising their winter production schedule. There will be a record 63 exhibitors on the joint venture stands with many more going to the show on an individual basis.

These will include both boat and equipment manufacturers.

In the past year pleasure craft exports have risen to £26.7m. compared with £19.7m. in 1974 and the 1976 figure is expected to be significantly higher again. In a survey published earlier this week 56 per cent. of the leading manufacturers forecast higher export sales in the next six months.

With U.K. sales of boats badly hit during the last three to four years by credit restrictions, a period of VAT at 25 per cent. and the recessional effect on spending, British manufacturers have turned more and more to exports, particularly in Europe, where a good network of agents has been built up and freight costs are lower.

Now, despite signs of an improvement in the U.K., builders are reluctant to switch this emphasis and are continuing to concentrate their efforts overseas. In addition, equipment manufacturers are selling worldwide to local hull makers. This has left the U.K. well up in the import tables all over Europe. In both France and the Netherlands, Britain is number one and is in the top six in West Germany, the U.S., Sweden, Belgium, Italy and Switzerland.

# Japanese announce Australia car plans

By Charles Smith, Far East Editor

TOKYO, June 15.

JAPAN'S TWO leading motor manufacturers, Toyota and Nissan, have announced plans for the manufacture of engines in Australia, following the final collapse of talks for the manufacture of engines by a joint venture with Chrysler in South Australia.

Nissan will make its own engines from castings which will probably be bought from Chrysler at the plant of Nissan Motor Manufacturing in Clayton near Melbourne. Toyota will carry out a very similar programme at its own existing Australian plant, or possibly through a separate wholly owned subsidiary which was formed recently.

Both companies will be producing engines by late 1979 in order to comply with Australian requirements for the achievement of 85 per cent. local content by 1980. Toyota will probably buy castings from GM-Holden for its engines. There is also a possibility that two-litre engines for the Toyota Corona may be bought direct from GM with only the smaller Corolla engine being manufactured directly by Toyota itself.

Although neither company has said so directly, both Japanese motor manufacturers appear to have been relieved by the failure of the earlier talks on the establishment of a joint venture engine plant at Chrysler's Adelaide works.

The Chrysler plan was originally conceived under the Australian Labour Government and seems to have been quietly allowed to lapse by the new Australian Government elected late last year. The Japanese evidently felt that they would have had insufficient control of quality under the Chrysler joint venture proposal.

SINO-SOVIET TRADE

# Relations are improving

BY COLINA MacDOUGALL

DESPITE WHAT they say about one another in public, in one field China and the Soviet Union are improving their relations. Moscow Radio last week announced that this year's trade would be 40 per cent. up on 1975's total to reach Roubles 280m. These figures suggest that last year's trade did not reach its agreed level of Roubles 211m. (which itself was low, being well under the 1974 figure of Roubles 266m.). But the prospects for the year are evidently good.

The projected increase confirms indications from Western countries that China's total trade will rise in 1976 after last year's stagnation. It also suggests that in practical matters, both China and the Soviet Union can, when it suits them, modify their hostility to one another. It even hints at the present degree of pragmatic control in the Peking leadership, since the radical fulminations against exporting China's raw materials in exchange for foreign technology are obviously disregarded.

The two countries signed the trade and payments agreement for 1976 in Peking in mid-May. It seems to have been a reasonably cordial occasion. At least the agreement was signed before the year was half gone: last year it was not concluded till July. Future prospects look brighter, too: this time both sides agreed in principle to sign a long-term agreement on exchanging certain commodities. Perhaps that, too, is a political omen.

The commodities agreed upon for exchange this year are, from the Soviet Union, aviation equipment and spares, 200,000 kW steam turbines with boilers, trucks, motor vehicles and spares, cranes, tractors, farm machinery, metal-cutting tools, ferrous metals, rolled steel and chemicals. From China are to come non-ferrous metals and ores, fluorspar and other raw materials, and consumer goods, including knitwear, clothes, furs and fabrics.

The list of imports is similar to 1975's, with aviation equipment and spares appearing first. After a pause, during the 1960s, China bought aircraft worth $34m. from the Soviet Union as long ago as 1971. Their main purchase was the Ilyushin 62. Although the Chinese were believed to be unhappy with this plane, their import of aviation equipment continued at about $53m. in 1972 and 1973, rising to over $67m. in 1974. This makes Moscow an important supplier in this field, even when compared with the West's sales of Tridents and Boeings.

Power generating equipment reappeared in the 1976 Soviet export list, after its omission last year. In the early 1970s Moscow was an important source, its exports to China reaching nearly $36m. in 1973. Thereafter the Chinese seem to have switched to Japan and the West for power equipment. However, it is possible that these imports are intended for installation at power stations originally supplied by the Soviet Union in the 1950s.

Trucks are obviously a significant item, too. The rapid expansion of China's economy in the early 1970s created a near-insatiable demand for construction and transport equipment. This was by far the largest category in Sino-Soviet trade in 1974 (the most recent year for which detailed figures are available), reaching over $80m. Motor vehicles and dump trucks also appeared in the 1975 list, and in view of China's needs they seem likely to continue.

The USSR is still a worthwhile trading partner for China, though it has moved a long way from the time, in the middle 1950s, when it was the backbone of Chinese economic growth. In 1959, the peak year until the 1970s for China's worldwide trade, exchanges with the Sovi Union were worth more th $2bn., 47 per cent. of the whol. Then, throughout the 1960s th declined steadily, hitting botto in 1970 at 345m.

Since then, their recovery a the relative consistency in t products exchanged suggest th both sides find it useful. T size of the trade now puts t Soviet Union in roughly t same bracket as the U.K. in t list of Peking's partners, thou it is far outclassed by Japa West Germany, France and i creasingly the U.S.

Political considerations apa China is unlikely now to dive many of its purchases from t West and Japan back to t Soviet Union. It has realis the wealth of choice and t high quality of equipment ava able outside the Communist blo

However, it must be adva tageous to have a source of i dustrial equipment which do not require payment in co vertible currency (Sino-Sovi trade is run on a barter basi and in any case previous supplied Soviet equipme requires Soviet spares. The factors plus the added co venience of direct rail shipme probably mean that the Chine will continue to find the trad a useful one, though they wi never again become depende on Moscow.

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AMERICAN NEWS

# FBI probe into wave of letter bombs

By David Bell

WASHINGTON, June 15

THE FEDERAL Bureau of Investigation today began an urgent investigation into what appears to be a nationwide letter bomb campaign directed at major U.S. companies.

At least nine letter bombs were received yesterday in New York, Delaware, Ohio, and Illinois, and one of them injured four people in the post room of Merrill Lynch Pierce Fenner and Smith in New York. Other targets included McDonalds, the hamburger chain, Dupont, Exxon and the Bunge Corporation, a major American food exporter.

## Warning

The letter bombs followed extortion letters addressed to many of the people who received bombs. These included photographs of the recipients and a warning that if they did not pay an unspecified sum they would be shot. All the bombs were apparently posted in two Texas towns—Texarcana and Atlanta — which are only 25 miles apart, and were contained in large envelopes stiffened by cardboard of the type used in men's shirts. The explosives were wired to a small battery, the New York police said.

Privately, some FBI and Secret Service agents have been concerned for some time that the U.S. may be facing an increase in random bombings of the type already familiar in Britain as a result of IRA activities. It is pointed out that no one has yet come up with a strong lead on the explosion which killed more than 10 people at New York's La Guardia Airport earlier this year. Since then, there have been a number of unexplained blasts — including three in Chicago last week.

In the case of the letter bombs, the FBI has no idea why some companies have been singled out. Agents speculated that it may be because the senders of the bombs have read about them in magazines, or because they have an important place in the U.S. economy.

# New York set month-end deadline for financial plan

BY STEWART FLEMING

NEW YORK, June 15.

IN RESPONSE to the slow progress which New York City is making towards agreeing its budget for the year beginning on July 1, the Secretary of the Treasury, Mr. William Simon, has demanded that the city submit a new financial plan before the end of the month.

Mr. Simon has also arranged for an assistant secretary at the Treasury, Mr. Robert Gerard, to meet the city's emergency financial control board on Thursday.

Mr. Gerard said to-day that he would remind the control board that they have to certify that the city's 1977 budget is consistent with the three-year financial plan before Federal support loans to the city for 1977 can be advanced.

By the end of this month, New York City will have repaid its federal loans for the 1976 fiscal year but the city is expected to need about $1bn. of federal aid early in July.

Mr. Simon's intervention in the city's affairs again comes in the middle of a dispute between, among others, the director of the control board, Mr. Stephen Berger, and the Mayor's office about the 1977 budget.

In a report earlier this month, Mr. Berger said that further cuts were needed in the budget proposed for 1977 by Mayor Beame. Last week, the Mayor said he would resist some of the $300m. cuts and rescheduling proposed in the Berger report.

The intervention of Mr. Simon, said Mr. Berger, adds a new dimension of pressure to the need for the Mayor and the emergency control board to come to an agreement on the 1977 budget.

The city is also trying to reach agreement with 160,000 municipal employees over a new wage contract. The existing contract runs out at midnight on June 30 and there are fears that a serious labour dispute could bring the city to a halt on the eve of the Democratic convention which opens here on July 11.

Mr. Simon said he would insist on receiving assurances that the city would hold the line on wages and fringe benefits in these negotiations. He added that any increases in wages the city offers will have to be offset by cuts elsewhere.

In the past year, the city managed to obtain union acceptance that no wage increases would be awarded. It is not clear what the position is in the current negotiations and there are some suggestions that an attempt will be made to grant productivity increases, but nothing beyond this.

It is uncertain, however, whether the unions will accept this strict regime without causing some disruption. The negotiations began on June 2 and there has been no indication how they are progressing.

# Perez urges SELA food company

BY JOSEPH MANN

CARACAS, June 15.

VENEZUELAN President Carlos Andres Perez has inaugurated the second Ministerial meeting of the Latin American Economic System (SELA) here and told representatives of 21 nations from Latin America and the Caribbean that they should work toward the formation of a multinational Latin food company that would alleviate malnutrition in the region.

SELA, the hemisphere's most recent effort at regional integration, was established last year in Panama in order to promote multinational companies to be run and financed by member states as an alternative to the foreign transnational companies now working in the area.

President Perez, who heads a petroleum producing country that has earned more than $15bn in oil revenues over the past two years, has been a staunch supporter of efforts to unify Latin America and the Caribbean into an effective economic block. SELA, which does not include the U.S. or Canada among its members, was conceived as a counterbalance to the impact of foreign multinational companies in the region.

The Venezuelan chief executive told the inaugural session: "If we do not achieve unity ourselves, the multi-nationals will do it for us." He also said that the big nations of the region—like Brazil, Argentina and Mexico—must seek development within the context of co-operation with other Latin states.

# Russians occupy drifting island

BY VICTOR MACKIE

OTTAWA, June 15.

RUSSIANS are occupying an Arctic ice island that is drifting close to the territorial waters off Canada's northern coastline, the National Defence Department has revealed. Arctic islands occupied by USSR task forces are being kept under surveillance and photographed by Canadian forces aircraft on patrol missions.

One of the islands, known as North Pole 22, has now drifted into Canada's "backyard" in the Arctic Ocean, about 500 miles south-west of the Pole. It is in an open sea area about 400 miles west of the northernmost point of land on Ellesmere Island. Two flights were made over North Pole 22 in late March and in April by Argus aircraft from bases at Summerside, Prince Edward Island and Greenwood, Nova Scotia. The pictures taken by the Canadian patrol aircraft late in April show more than 100 Russians on the ice island.

There are between 10 and 15 prefabricated huts, partly covered by snow, nine aircraft of various sizes, three helicopters and a 5,000 foot runway.

North Pole 22 measures about three and a half miles long, more than two miles wide and is about 84 feet thick. The Canadian Defence Department says that these islands are occupied by field research units of the Arctic and Antarctic Scientific Research Institute in Leningrad.

The USSR missions are to conduct scientific studies of Arctic water, the ice cover, ocean floor and atmosphere. Both the Soviet Union and the U.S. have been flying their national flags from ice islands in the central Arctic ocean for a number of years. This is the first time however that a Russian-occupied island has drifted so close to Canadian waters and it is being kept under close surveillance.

# Uruguayan Presidential elections posptoned

It is now official that the new de facto Uruguayan President, Alberto Demichelli, who is 79, will be replaced within two months and that new Presidential elections, which had been scheduled for November, have been suspended, writes Robert Lindley in Buenos Aires.

In revealing that Sr. Demichelli signed two "institutional Acts" stipulating these two points on Saturady night, shortly after being sworn in as President to replace Juan Maria Bordaberry, the armed forces have in effect given notice that they will be the power in Uruguay until at least 1984.

## Hearst judge dies

Judge Oliver Carter, who presided over the trial of Patricia Hearst, has died of a heart attack, raising the possibility that she could face a new trial, Reuter reports from San Francisco. His death will almost certainly delay her sentence. Judge Carter, who was 65, passed an interim maximum sentence

## Carter tops poll

Jimmy Carter is more popular with the American voter than either President Ford or Ronald Reagan, according to a poll released by the National Broadcasting Company, Reuter reports from New York. NBC said that Mr. Carter, who is virtually certain to be the Democratic Presidential candidate, led Mr. Ford by 52 to 37 per cent. and Mr. Reagan by 55 to 32 per cent. in the nationwide poll, taken on June 10-11

## Grenada OAS offer

Grenada has formally offered to be the site of next year's general assembly of the Organisation of American States (OAS), AP-DJ writes from Santiago. Grenada became a full-fledged member of the OAS in 1975, shortly after gaining independence from Britain.

## Potato default case

The May 25 default on Maine potato futures contracts for delivery of almost 50m. lbs. of potatoes has triggered two more law suits, AP-DJ reports from New York. William Buster, a New Jersey phonograph-record distributor who filed both suits in a New York federal court, said that he bought eight potato futures contracts on the New York Mercantile Exchange in mid-April as a speculative investment. He later sold the contracts at a loss in "excess of $10,000" because of the defaults.

## Summit preparations

President Ford yesterday welcomed to the White House, Government officials from the six foreign nations which will join the United States at an economic summit meeting in Puerto Rico later this month, UPI reports from Washington.

NUCLEAR POWER IN CALIFORNIA

# Heavy water politics

BY MAURICE IRVINE IN LOS ANGELES

CALIFORNIA HAS given a resounding Yes vote to nuclear power, but the battle over its safety is far from ended in the U.S. All the signs are that this was only round one of a protracted conflict. In November, Oregon and Colorado residents will go to the polls to vote on the same issue, and around the nation a dozen states are considering measures similar to California's Proposition 15.

"We're not going to fade out," said Mr. David Pesonen, chairman of Californians for Nuclear Safeguards. "We'll try again next time around. One third of the electorate agree with us. Millions have realised for the first time what dangers are involved. The nuclear industry from now on is going to have to work to prove its safety claims."

## Safety standards

Proposition 15 was an attempt to bar construction in California of about 30 new plants in the next 20 years, unless they met rigorous new safety standards and came up with a disposal system for radioactive waste which two-thirds of the State's legislators approved. The three nuclear power plants now in existence would have been forbidden to operate at more than 60 per cent. of capacity unless federal limits on insurance liability were removed. At present, there is a $560m. liability limit on any nuclear accident, however serious.

For months, citizens were bombarded with media propaganda by both sides. Every other TV commercial seemed to be about Proposition 15. M. Jacques Cousteau dandled his infant grand-daughter on his knee and solemnly warned us that a No vote might endanger her health. Dr. Edward Teller, of hydrogen bomb fame, growled in his thick Hungarian accent that, on the contrary, a No vote was just what America needed. A newspaper ad told us "Why the Doobie Brothers Want You to Vote Yes." (The Doobies are a rock group.)

Mr. Ralph Nader said he thought nuclear power should be shut down even if it meant going back to candles. Mr. Pat Brown, the father of California's Governor, responded that it was absolutely vital to the State's well-being Governor Jerry stayed on the fence, a favourite perch.

The world watched with warm interest; but the outcome should reassure no one about the safety, or otherwise, of nuclear power plants. This was a political campaign, not a scientific one—although it did show how hopelessly divided is the scientific community over the safety issue.

What sent Proposition 15 down to defeat by such a wide margin? Some 67 per cent. of the voters (3.9m. people) said No as against 33 per cent. (1.9m.) in favour. The consumer advocate Mr. Nader blamed "a multi-million dollar campaign by the giant corporations to spread distorted and inaccurate information." And certainly the anti-nuclear organisers had only $1m. to spend compared with the $4-$5m. laid out, mostly on the media blitz, by the No on 15 committee. Power companies such as Pacific Gas and Electric, Edison, Westinghouse, poured money into the No on 15 war chest. Supporters of Prop. 15 relied on small private contributions: the largest single item in their accounting of receipts was "miscellaneous" — $33,178 collected from backyard sales, raffles, dances and the like.

Finances aside, the leaders of Project Survival, a group formed to push Proposition 15, admit to several tactical mistakes. Towards the end of the campaign, the Yes on 15 people weakened their assault on the safety issue and started attacking the big corporations for their huge contributions to the No faction. The real question was obscured.

> The campaign did show how hopelessly divided is the scientific community over nuclear safety.

The scientific status of the No on 15 experts—Nobel laureates and such like—appeared to the public to be superior. The Yes faction deployed too many Hollywood stars and television personalities in its attempt to prove that, despite its clean safety record, nuclear power was something to be feared.

And finally, the anti-nuclear lobby felt it was hurt by passage into law, less than a week before election day, of three Bills that would prohibit construction of new plants until better waste disposal methods had been found and approved by the legislature, and the State Energy Commission had studied the question of siting the plants underground. These measures were less stringent than those of Proposition 15, but they were obviously sufficient for the public. "It took the wind out of our sails," said Mr. Jim Burch of Project Survival. "But at least they accomplish some of the goals of Proposition 15."

The question now being asked is whether it was worth all those millions to place such an extremely complex question, with all its economic, legal and political as well as scientific connotations, before the people. If, after a decade of debate leading nuclear physicists cannot agree on the safety issue, how can Mr. and Mrs. California be expected to reach a rational decision?

"I believe voters are fully capable of understanding the issues, despite scare propaganda and sensationalism," Dr. Tener, a former chairman of the Atomic Energy Commission's safeguards committee, says. In his view the failure of Proposition 15 shows that Americans can overcome provincial considerations and irrational fears to concentrate on "the greater international issue," which is the alleviation of world poverty through utilisation of new energy sources.

It sounds quite splendid, but possibly Californians had reasons closer to home for casting a vote for more nuclear power. This is the most energy-intensive corner of the world's most energy-intensive nation, and some 44 per cent. of all energy consumed here goes on transport. The more nuclear-generated electricity the state can produce, the more fuel will be available for the ubiquitous automobile, and the more self-sufficient in energy California will become.

## Shortages

At present, some 90 per cent. of the state's energy needs are provided for by oil and gas, mostly imported, and the prospect of serious shortages in the next decade looms larger with every passing year. And California's problem is the nation's: to-day, 60 U.S. nuclear plants generate 9 per cent. of the electricity, but as fossil fuel resources shrink, America plans to turn more and more to nuclear power. By 1985, a projected 200 plants will be producing 26 per cent. of the nation's power.

"Until such options as solar energy are widely available," Dr. Robert Seamans, chief of the U.S. Energy and Research Development Administration, says, "the country must lean heavily on nuclear power. We don't see any way to get through to the end of the century relying only on fossil fuels."

## EUROPEAN NEWS

# Tories force Strasbourg division

BY ROBIN REEVES

STRASBOURG, June 15.

IN SPITE of a clear lack of support for all other European Parliament political groups, the Conservatives to-day decided to force an unprecedented division on its motion of censure against the Brussels Commission—for its handling of the problem of disposing of the EEC's mammoth surplus of skim milk powder.

The decision to press the issue to a vote regardless was announced by Sir Peter Kirk, leader of the Conservative group at the end of the first-ever censure-motion debate in the Strasbourg Parliament. It was being done, he declared, to provide the opportunity for those who wanted a change for the better in the running of EEC affairs to stand up and be counted.

It was true, the Commission had produced numerous proposals over the past nine years for dealing with Europe's perpetual dairy surplus problems but, supported by other Conservative speakers, he argued that blaming the Council of Ministers for the lack of action was no longer good enough. If the Commission could not push through the required change, then it must go. European Parliamentarians could no longer go on defending the indefensible.

The vote will be taken to-morrow morning. But to-day's debate removed any shadow of doubt that the Conservatives are isolated in trying to exercise the European Parliament's ultimate weapon—dismissal of the entire 13-man executive of the Brussels Commission.

The Commissioners, an unusual number of whom were in the chamber for the debate, will be abl to sleep soundly in their beds tonight since to succeed, the vote will have to be supported by at least two-thirds of over half the 198 Members of Parliament.

The issue at stake is the Community's controversial scheme for reducing the milk powder mountain by encouraging feed compounders to incorporate up to 400,000 tonnes of the 1.3m. tonnes surplus in animal feed, by means of a cash deposit scheme levied on substitute products, above all imported soyabeans. The deposit is refundable if compounders produce evidence to show that the required percentage of skim powder has been incorporated. It is hoped that the 400,000 tonnes will be taken up by the end of October.

To-day, Sir Peter Kirk justified censuring the Commission on counts. First, it had failed to observe Treaty procedures in not submitting a radically-amended proposal to Parliamentary perusal (the scheme originally was simply to make incorporation compulsory, but because of national legal objections, it was later amended

Secondly, the Commission was guilty of "flagrant and maladministration" in the eventual introduction and running of the scheme. Sir Peter said that extensive inquiries had revealed compounders and farmers who had paid their deposits were now unable to obtain surplus skim. It was simply not available in the U.K.

Third, was the total failure of the Community to deal with the problems of the diary sector over a period stretching back to the 1968 Mansholt plan. This year, EEC expenditure supporting the market for milk and milk products still accounted for nearly 2,000m. units of account (over £800m.) aproaching 40 per cent. of the common farm budget and six times the amount of EEC money spent on the structual improvement of European agriculture.

Yet despite this, dairy surpluses would be higher at the end of this year than last. The Commission should have withdrawn the whole package of milk proposals, rather than allow the Council to reject the politically difficult aspects.

Speakers for other political groups were not slow to hoist the Conservative group by its own petard, pointing to the number of occasions when it had supported milk and other farm price incerases higher than those proposed by the Commission. While many accepted that the handling of the EEC milk market deserved strong criticism, they pointed out the guilty party was essentially the Council of Ministers, not the Brussels Commission.

Members of the Socialist group predictably accused the Conservative of importing domestic party politics—a follow-up to last week's Westminster censure debate—into Strasbourg, an accusation which was vehemently denied.

Replying on behalf of the Commission, its President, M. Francois Xavier Ortoli, indignantly protested at the Conservative group's accusations. The Commission had always tried hard to do its duty, he said, yet it was unfairly faced with a censure mot'on at a time when it was about to submit proposals for making EEC milk producers carry part of the financial responsibility for the cost of surplus dairy productions. These proposals are due next month.

# Britain 'is still third nuclear power'

BY MALCOLM RUTHERFORD

BRUSSELS, June 15.

MR. ROY MASON, the British Defence Secretary, left the meeting of the Nato Nuclear Planning Group to-day convinced that Britain is still the world's third nuclear power after the U.S. and the Soviet Union.

Suggestions that the British have now been overtaken by France were dismissed as "spurious" and this point may be put to President Valery Giscard d'Estaing, during his state visit to Britain next week.

British sources said that the group's meetings in the past two days have underlined the significant part which British nuclear forces, including the Vulcan and Buccaneer aircraft, play in Nato nuclear planning. The French claim to have become number three had been "really exposed" and it was not true that the British forces were less independent than the French because of their partial reliance on U.S. technology.

It is not clear why Mr. Mason should have authorised such remarks at this stage. One possibility is that he was seeking to upgrade the British negotiating position in the event of talks on Anglo-French co-operation, though it has to be added that the Labour Government has so far shown no interest in such a deal. Mr. Mason may perhaps have been merely irritated by recent French statements.

Another possibility is that he was seeking to impress the West Germans, in particular, with the way British nuclear forces had been integrated within the Atlantic Alliance and the enlarged role which this had given the British Government in the discussions about refining Nato's nuclear strategy.

Much of these discussions is about nuclear targeting and it is notable that British sources said that French targeting had not been disclosed to the rest of the alliance. The implication was that France was, therefore, opting out of one of Nato's most sensitive and impor ant current programmes.

The retargeting exercise goes back to 1974 when Dr. James Schlesinger was the U.S. Defence Secretary, but it is only now being gradually put into practice.

Essentially it consists of giving Nato a greater range of options, including nuclear options, in response to a Soviet attack. Some strategic nuclear weapons are being targeted away from Soviet cities to military and industrial targets with the aim of delaying the stage at which a nuclear exchange might develop into wholesale destruction of population.

The doctrine of flexible options also involves changes in tactical or theatre nuclear weapons (that is, weapons not aimed at strategic targets in the Soviet heartland). The aim here is ultimately to raise the nuclear threshold—the moment at which nuclear weapons will be used, even in response to a conventional attack.

This is being done in two ways: by improving conventional armaments, and by relying on the improved accuracy of the later generations of tactical nuclear weapons. There will, for example, be more emphasis on modern nuclear artillery rather than the short-range ballistic systems introduced in he 1950s and early 1960s. It is argued that the greater accuracy will enable the alliance to postpone the time at which the nuclear weapon will have to be used.

Both British and U.S. sources stress that it is not a question of lowering the yield of the weapons. If this were done, and the alliance were to introduce what are known as "mini-nukes," there would be a danger that the nuclear threshold would be actually lowered.

Apart from the four Polaris submarines, the British nuclear force consists of six Vulcan B2 strike squadrons, now based in Britain, and four Buccaneer strike squadrons based in Britain and Germany. There is also a battlefield nuclear capacity which includes the 203 mm howitzer.

The four permanent members of the nuclear planning group are Britain, Germany, Italy and the U.S. The next meeting will take place in London in the autumn.



# W. German telephone makers fined

BERLIN, June 15.

THE WEST German Cartel Office in Berlin is imposing fines amounting to DM1m. (£215,000) on 12 leading manufacturers of telephone equipment. They are being fined for "irregular cartel agreements" connected with invitations to tender for deliveries of telephone sets to the West German Post Office. In addition to the penalties on the companies, 20 top company managers are also being fined, including Board members, business managers, principals and sales managers.

The fine is legally in force, as the companies and individuals have failed to appeal to the Kammergericht, the special court in Berlin, within the week that has elapsed since they were informed by the Cartel Office of its move.

According to investigations carried out in January by the Cartel Office, the manufacturers met to reach agreements on "prices and quantity" in 1974 and again early this year. An "anonymous tip" was received by the Cartel Office, says a spokesman, noting that the agency is normally sceptical in such cases. However, the tip is said to have been so well informed that a full-scale investigation was launched. A judicial sequestration of company records was carried out in February.

The companies fined represent the cream of the West German telephone industry: Siemens, Standard Elektrik Lorenz, Telefon and Normalzeit, Krone, Bosse Telefonbau, Deutsche Fernsprecher Gesellschaft Marburg, Friedrich Merk, Hagenuk, Apparatebau Wilhelm Heibl, Friedrich Reiner, Telefonfabrik, Deutsche Telephonwerke und Kabelindustrie and Hans Widmaier Fabrik.

A. H. HERMANN adds: The Federal Cartel Office has earlier taken similarly drastic steps against collusive tendering in the building industry, a move followed by complaints that the building industry had suffered enough and could hardly stand greater burdens. Another case of collusive tendering, though on a smaller scale, was the so-called "dustbin conspiracy" when manufacturers tendered higher prices than their local agents.

GENERAL ELECTIONS IN ITALY

# The third men

BY ANTHONY ROBINSON, IN ROME

ROME, June 14

THE ITALIAN political stage is a crowded one. Inevitably the spotlights are fixed on the duel between the two principal protagonists—the Communists and the Christian Democrats—who between them expect to obtain around 70 per cent. of the total votes cast at the forthcoming general election. But it would be negligent to ignore the respective roles of the minor parties struggling to increase their role as protagonists and preserve the rich plurality of Italian political life.

Thanks to the proportional representation system and the intrinsic complexity of Italy itself, that part of the Italian electorate, and it is roughly one-third, which does not identify itself either with the Christian Democrats or the Communists has a wide choice of minor parties. These range from the neo fascist and monarchist Movimento Sociale-Destra Nazionale (MSI-DN) to the far left grouping Democrazia Proletaria. In between it has the choice of a Liberal Party, now under new management in a last ditch bid to avoid extinction, a technocratic Republican Party, a crisis-ridden Social Democrat Party, a Socialist party seeking to strengthen its position as the smallest of the larger parties rather than largest of the small parties and a highly vocal and inventive Radical party which is the standard bearer of the fight for civil liberties.

## Minor parties

These minor parties are competing with each other but also with the major parties for votes. The toughest struggle is faced by the MSI, the Liberals and the Social Democrats.

The MSI is in difficulties because the efforts of Party Secretary Giorgio Almirante to present his party as a respectable party of order have been gravely compromised by its association with violence. Up to now the MSI has been tolerated largely because it was useful both to the Christian Democrats, who could point to the danger of losing votes on its right if it attempted to put in effect reforms disliked by the more conservative element in its electorate, and to the Communists who, thanks to the MSI, were able to keep alive the myth of a potential neo-fascist threat to democracy and emphasise the anti-fascist links which bound the PCI with all the other parties in the so-called "constitutional arc."

In these elections, however, the Christian Democrat party fears the loss of its post-war position, as largest single party and party President, Sig. Amintore Fanfani and others are appealing directly to MSI voters not to waste their vote this time but strengthen the CD party as the ultimate bulwark against Communism. At the last general election in 1972 the MSI gained nearly 2.9m. votes, 8.6 per cent. of the total, a very tasty potential prize. But there is also the possibility that some disappointed MSI protest voters will switch their vote over to the PCI, especially in places like Naples.

The Liberal Party, under former party secretary, Sig. Giovanni Malagodi, lost votes heavily over the last five years, the price for failing to renew its policies in the face of changing circumstances. The party, under its new secretary, Sig. Valerio Zanone has moved leftward towards a general policy line closer to that of the Republicans but obtained only 2.5 per cent. at last June's regional elections and faces the risk of disappearing from Parliament altogether at these elections.

The Social Democrats are also in deep water. The party is deeply split between supporters of former party secretary, Sig. Mario Tanassi, whose position has been undermined by his alleged involvement in the Lockheed payments scandal, and those of veteran leader Sig. Giuseppe Saragat. Sig. Saragat has now returned to lead the party, but he is 76 years old and already the left wing of his party has broken away and joined forces with the Socialist Party (PSI). Meanwhile, rivalry between the Tanassi and Saragat factions runs high. At the last general elections the PSDI obtained 5.2 per cent., but this is likely to diminish considerably at these elections.

Conscious of their weakness Liberals and Social Democrats put forward the idea of creating an alliance of minor lay parties together with the Republican party. The concept of creating in this way a "*third force*" attracted the enthusiasm of men like Sig. Giovanni Agnelli of Fiat and Sig. Guido Carli, ex-governor of the Bank of Italy, both of whom were mooted as potential candidates for a new alliance of the productive middle class. But the scheme broke down on the scepticism of Republican Party leader Sig. Ugo La Malfa and the decision of Sig. Umberto Agnelli to stand instead as an independent candidate for the Christian Democrat Party on a "renewal from within" basis. This leaves the Republican Party as the principal recipient of votes for the technocrats, managers and enlightened middle class with candidates like Sig. Bruno Visentini, Sig. Roberto Olivetti, Sig. Ugo La Malfa and his son Giorgio, and Bank of Italy executive Vittorio Barattieri. The latter is being sponsored by Sig. Carli and is waging a personal battle with the Treasury to publicise the pathological state of public finances. The Republican Party hopes to double its present poll share to around 5 per cent.

## Arbiter

But the party which is making the strongest bid to become the arbiter of Italian politics is the Socialist Party PSI. Disillusioned with the achievements of the centre-left, of which it was a major protagonist for 12 years, the party is now asking the electorate to push up its share of the vote from the 12 per cent. it received at last June's regional elections to nearer 15 per cent. At that point it would theoretically be able to play either similar role to that of Franç[ois] Mitterrand's French Socia[list] Party in an Italian version the left wing alternative or major conditioning role in event of a future alliance w[ith] the Christian Democrats in government open to collaborat[ion] with the Communist Pa[rty]. Simple addition shows that PSI with 15 per cent. wo[uld] indeed have a key position both the major parties gai[n] around 35 per cent. each formation of a governm[ent] depended on the choice of Socialist Party. But the intri[nsic] ambiguity of the PSI posit[ion] and its failure to give the c[on]vincing impression of having men and policies to match potential importance leave m[any] observers sceptical about ability to achieve the role seeks.

Both the Socialist and to lesser extent the Commun[ist] Party now face a challenge their left from both the Radi[cal] Party and the left wing allia[nce] of Democrazia Proletaria. B[oth] are making a determined ch[al]lenge for the highly import[ant] youth and female vote. Radical Party, under its cha[ris]matic leader Sig. Marco Panne[lla] has been in the forefront of civil rights campaign charact[er]ised by the struggle over divorce and abortion law reform and the abolition of those fas[cist] laws still on the Italian stat[ute] book. Through Gandhi-ty[pe] hunger strikes and civil obedience the Radicals h[ave] attracted the sympathy numerous minority groups, awakened latent anti-clericali[sm] and stung the major parties in[to] action on the civil rights fro[nt]. A highly effective campai[gn] speaker and TV performer, S[ig.] Pannella believes that Radical Party in Parliame[nt] would guarantee the plurali[sm] and libertarianism of the and guard against what describes as the authoritari[an] "gut" reaction which he believ[es] still characterises the institu[tions] of the Communist Party.

Democrazia Proletaria, rather fragile electoral allian[ce] between the PDUP-Manifes[to] group (left wing communi[sts] expelled from the PCI in 19[69] for forming an organised facti[on] within the party), Avangua[rdia] Operaia and Lotta Continua pl[us] a left wing Christian grou[p] draws its support from studen[ts] the army of 800,000 youthful u[n]employed, left wingers d[is]illusioned by the "revisionism" of the PCI and the patie[nt] proselytisation which the vario[us] groups have carried out for yea[rs] among the sub-proletariat of th[e] suburban ghettoes of the ne[w] Italian cities with their appalli[ng] social housing, health an[d] employment problems. The[y] have been active in organisi[ng] the unemployed, setting up loc[al] community self-help organis[a]tions and the kind of civil d[is]obedience campaigns such as th[e] refusal to pay rent, electrici[ty] or telephone charges.

It could well be that one [of] the surprises of the forthcomi[ng] election results will be th[e] degree of electoral support th[e] Radicals and Democrazia Pr[o]letaria manage to obtain.

# Callaghan, Crosland to visit Bonn

By Nicholas Colchester

BONN, June 15.

MR. JAMES CALLAGHAN, the British Prime Minister, will visit Bonn on June 30, for talks with Chancellor Helmut Schmidt. The Foreign Secretary, Mr. Anthony Crosland, will also attend, com'ng straight from a meeting of the Council of Foreign Ministers in Luxembourg.

The Prime Minister's visit is officially described as one of the six-monthly meetings between the Premiers of the two countries that have now become established as a norm. It is Mr. Callaghan's first visit to Bonn in his new capacity.

Likely subjects for discussion are the economic summit in Puerto Rico, which takes place shortly beforehand, the development of the European Community, and the implications of the election result in Italy, whatever this may be. It is possible that the thorny problem of offset payments for the British defence commitment in West Germany may be touched upon—although British claims in this connection have recently appeared to be "on ice" by mutual consent till after the election in Germany in October.

# Rome wholesaler freed

BY DOMINICK J. COYLE

ROME, June 15.

SIG. GIUSEPPE Ambrosio, the Italian meat wholesaler kidnapped by a self-styled "fighting Communist unit," was found today unharmed in a Rome apartment, apparently after a surveyor had made a routine visit to the house to conduct a survey.

Sig. Ambrosio's captors had earlier indicated that his life would be forfeited if Rome butchers did not distribute by to-morrow evening a large quantity of meat at a fraction of its current market price. This ultimatum had been accepted in principle by the meat federation, although no actual distribution had started before the victim's discovery this morning.

Initial police accounts were confusing, but it appeared that the surveyor visiting the apartment was attacked by two people a man and a young woman, who tied him up before escaping from the building. He was however, able to free himself, and later discovered Sig. Ambrosio.

The whole incident, whatever its precise motive, has further heightened the electoral tension in the closing days of the campaign with candidates on the political Right using it to support their demands for tougher measures against extremist groups. The Left, meanwhile, has been hinting that the entire kidnapping could even have been "arranged" by anti-Communist "elements" in order to win votes this week-end.

Meanwhile, Sig Francesco de Martino, the Socialist leader, has again seemingly turned his back on any new coalition with the Christian Democrats following the elections unless such a government involved the Communist party (PCI).

This on the surface anyway, would appear to exclude a further centre-left government, but most Italian politicians these days are picking their campaign words carefully, and post-electoral options which at first glance seem to be closed off, could subsequently be justified on a detailed re-reading of policy declarations.

# Pressure on Lynch after poll defeat

By Giles Merritt

DUBLIN, June 15.

FIGHTING back hard against moves to oust him from the leadership of Ireland's Fianna Fail Opposition Party, Mr. Jack Lynch has challenged members of his party's national executive to rethink the policies and strategy that would be needed to win a forthcoming general election.

Mr. Lynch's position has suddenly become precarious following Fianna Fail's loss of two seats in simultaneous by-elections at the end of last week.

But in a shrewd move aimed at diffusing growing rank-and-file discontent over the election defeats, in Donegal North-East and Dublin South-West, he has now placed the onus of streamlining on the party itself.

To-morrow, Mr. Lynch must face Fianna Fail's Parliamentary Party. The meeting had been expected to result in calls for him to step down from the leadership, but a vote by the national executive last night apparently confirming him as leader, now makes it unlikely that he will have to contend with strong opposition at to-morrow's crucial meeting.

# France ravaged by drought

BY RUPERT CORNWELL

PARIS, June 15.

THE FRENCH Government is weighing with mounting alarm the possible economic consequences of what promises to become one of the severest droughts in the country in a century.

The worst afflicted sector is agriculture, but an ominous indication of what might come was provided to-day by the state electricity utility EDF, which predicted possible major power cuts, especially for industry, if the dry weather persisted into the autumn.

EDF will introduce voltage cuts of 5 per cent. from next Monday. These will hardly be noticeabe by users but should reduce consumption by 1 per cent. The utility is hoping to save a similar amount through informal arrangements with its major industrial clients supplied by special contract.

Water levels in rivers and in France's extensive underground natural reservoirs are abnormally low, while hydro-electric power, which accounts for a third of French electricity output, is down 30 per cent.

Water rationing has been limited to parts of Brittany and the authorities are at pains to allay fears that cuts are imminent elsewhere, particularly in the Paris region. However, the Government has ordered departmental prefects to make sure that water is used as sparingly as possible.

Hardest hit is the part of France lying north of a line from Bordeaux to Geneva, including the fertile northern and central regions, which form the grain bowl for France and a considerable portion of Europe.

Heavy rain in the next week or two could obviously change the picture rapidly, but the harvests of France's three major export crops, wheat, barley and sugar beet, are almost certain to be well down on forecasts. At present the Agricultural Ministry is forecasting a 1976 agricultural trade surplus of Frs.6bn.

In spite of its emergence as a front-line industrial nation, France still depends heavily on farm products, of which it is one of the world's biggest exporters, to balance its fragile foreign trade accounts.

Perhaps the biggest dangers posed by the drought concern inflation: through distortions in food prices (already being felt) and through an increased budget deficit, in the near certainty that the Government wil' be forced to provide emergency aid to farmers.

There is at the moment, however, one beneficiary: the housewife. Six weeks of hot wether have produced bumper crops of early summer fruit like cherries, strawberries and tomatoes, even if the lower producer prices have not been fully passed on by retailers. France has already been forced to bar tomato imports from non-EEC countries to appease angry growers faced with a domestic glut.

But in a few months' time it could be very different. Farmers in Brittany and Normandy have been slaughtering cattle for want of feedstuffs, but as a result the present meat surplus will probably give way to shortages and higher prices later on.

Fresh trouble from France's ever-volatile farmers is the last thing the Government wants in the present tense political climate, and it was significant that the Agriculture Minister, M. Christian Bonnet, to-day met leaders of the three coalition parties to warn them that the drought was considered a top political priority.

Meanwhile, the heatwave continues with temperatures of 90° in Paris and the parched countryside suggesting end-August rather than mid-June.

# 'Reservations' to OECD Code withdrawn by Japan

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, June 9.

[T]HE MINISTRY of Finance con[firm]ed to-day that Japan will [pro]bably announce the with[dra]wal of some half-dozen ["re]servations" to the OECD [Cod]e of Capital Liberalisation at [a m]eeting of the OECD Com[mit]tee concerned in Paris later [this] month.

[T]he reservations affect such [mat]ters as foreign investment in [Jap]anese equities and bonds, [Jap]anese outgoing portfolio [inv]estment, the listing of foreign [sto]cks on Japanese stock [exc]hanges and the provision by [for]eign banks of short-term [exp]ort or import finance to [Jap]anese companies.

[T]hese are all areas in which [Jap]anese controls have been [s]et in the past but controls [to]day are "residual" in the [sen]se that currency movements [un]der most of these headings are [sub]ject to "automatic" approval by the Bank of Japan or Ministry of Finance rather than to case by case scrutiny. The withdrawal of the "reservations" at the Paris meeting will thus mean that Japan is sacrificing the option of re-introducing controls but will not affect the situation as it exists to-day.

The withdrawal of reservations to the OECD Code will also leave unaffected some surviving restraints particularly in the field of investment by foreigners in the Japanese bond market. Overseas investment in medium and long maturing Japanese bonds is subject to a ruling by the Bank of Japan that foreigners must hold bonds for at least six months before reselling them. This regulation is designed to prevent foreign exploitation of the bond market for currency speculation purposes. Sales of two-month Japanese Treasury bills to foreigners are also subject to restraints which are designed to discourage speculation. The restraints take the form of sales quotas for the leading eight Japanese security houses.

Japan has decided to announce withdrawal of its reservations at the OECD meeting partly because the Japanese case is due for special consideration at the meeting and partly because the recent strength of Japan's balance of payments is beginning to attract attention again from competing industrial countries. Other measures which the Government is thought to be considering, in the light of the recent strength of the balance of payments, are a sharp increase in the amount of cash which Japanese travellers may take out of the country (from $1,000 to $3,000) and a cut in the period quotas for impact loans raised by Japanese companies from overseas sources.

After withdrawing its reservations from the OECD Code Japan will have a surviving residue of some eight or nine reservations to the Code, putting it ahead of the U.K. and France which have 10 each. This will not necessarily mean however that Japan in reality becomes one of the most liberal countries in the world in the handling of capital movements. Surviving obstacles to free movement are likely to come mainly in the form of administrative obstacles in the manipulation of which the Japanese are known to be adept.

# Financing questions likely at N-talks

BY OUR OWN CORRESPONDENT TOKYO, June 15.

[A] THREE-CORNERED round of [tal]ks involving the U.K., France [an]d Japan will start in Tokyo on [Th]ursday on the proposed Anglo-[Fr]ench scheme for the reprocess[in]g of 4,000 tons of Japanese [sp]ent nuclear fuel.

The talks are the first to be [he]ld in Tokyo since France [en]tered what was originally an [ex]clusively U.K.-Japanese project [ea]rly in the year and since the [re]organisation of the Japanese [te]am concerned with the project.

Japan will be represented at [th]e talks by the vice president of [T]okyo Electric Power Company, [th]e biggest of the nation's nine [re]gional power generating com[p]anies. The U.K. team will be [h]eaded by Mr. M. T. Kavanagh, [c]hief salesman of the Reprocess[in]g Division of British Nuclear [F]uels.

France will be represented by [M]. J. Couture, chief sales manag[er] of Cogema (Compagnie [G]enerale De Matieres [N]ucleaires).

Japan is expected to raise new [qu]estions about the financing of the reprocessing project which is now estimated to cost £400m. and which involves an Anglo-French request for an initial Japanese down payment of £160m. The Japanese side evidently feels that a down payment amounting to 40 per cent. of the entire cost of the reprocessing contract is distinctly out of the ordinary and requires fuller justification on the European side.

A major issue in the background of the talks is the European requirement that Japan will have to undertake to import nuclear waste, left over after the completion of reprocessing, for storage in Japan. The Japanese Government will eventually be asked to guarantee re-import of the waste but may face strong opposition from environmental lobbies when the time comes to do so. This problem will be taken up in Government to Government negotiations between the three nations concerned after the commercial issues involved in the reprocessing project have been settled.

# U.S. prepared to supply weapons to Africa

BY MALCOLM RUTHERFORD BRUSSELS, June 16.

MR. DONALD RUMSFELD, the U.S. Defence Secretary, left no doubt at the series of Nato meetings which ended to-day, that the U.S. Administration is now prepared to provide substantial arms supplies to pro-Western African countries.

The first two recipients are likely to be Kenya and Zaire, which Mr. Rumsfeld is visiting during the rest of this week.

The U.S. has been concerned for some time at the development of Soviet military facilities in Somalia which has a border dispute with Kenya, but this is the first time that U.S. sources have admitted that the U.S. is ready to give the Kenyans military assistance.

The most probable first item is fighter aircraft and this could entail introducing U.S. personnel to train the pilots and ground crews. At present the number of combat aircraft in the Kenyan airforce is only 14.

The U.S. interest in Zaire is partially because it is pro-American and partly because it is next to Angola where the Americans fear the Soviet Union may establish permanent facilities. U.S. supplies to Zaire would probably consist of ground weapons, but again at least a temporary American training presence would be required and it is possible that a U.S. military assistance advisory group will be established on a more permanent basis.

# Angolans 'held for days'

BY JANE BERGEROL LUANDA, June 15.

PROSECUTION witnesses in the Angola mercenary trial began their testimony this morning. Among the three witnesses so far called was Joao Antonio who said he was forced at gunpoint by a group of seven of the British mercenaries on trial to provide shelter and food for them in his house.

Speaking through an interpreter from his own local language into Portuguese, Mr. Antonio testified that he and his wife had been held at gunpoint for four days, during which the mercenaries had "eaten half his crop of spinach" and had taken chickens from the village without payment and had followed him and his wife everywhere. He had eventually managed to escape and alert a FAPLA national army patrol which had returned with him and captured the mercenaries.

Mr. Antonio's testimony appears to conflict with the contention of the defence that the group had behaved in a humane way and did not use force while hiding in the couple's house. The witness denied having had his foot treated by McIntyre, a mercenary claiming to be a nurse.

So far no evidence of mercenaries other than Callan having killed on specific occasions has come to light. Witnesses have testified seeing the bodies of the white mercenaries who died in Maquela under Callan's orders but did not see the shooting. One testified that the men had had a slow death and had not been shot cleanly to die quickly.

The main importance of this morning's testimony appears to be to seek to establish the mercenaries' responsibility of command over FNLA forces in the area, and their consequent responsibility for destruction of property in the area and hijacking of equipment to Zaire.

Peter Hennessy writes from Strasbourg: An atempt to debate the treatment of British mercenaries in Angola at the European Parliament in Strasbourg failed yesterday.

Sir Derek Walker-Smith, for the Conservative group, argued that unless other offences could be proved, no mercenary should be punished for merely serving on foreign soil.

# Fear for Mao's health

PEKING, June 16.

CONCERN grew to-day about the health of Chairman Mao Tse-tung after he failed to receive a visiting Head of State for the first time in 14 months.

Malabasy President Didier Ratsiraka left Peking to-night without being granted an audience with Chairman Mao—normally the highlight of all state visits to China. An official Chinese spokesman later said: "Chairman Mao is well advanced in years and is still very busy with his work. The Central Committee of our Party has decided not to arrange for Chairman Mao to meet foreign distinguished guests." Recent photographs have shown Chairman Mao, who is 82, slumped in a chair, his head resting back.

Chairman Mao's last foreign visitor, Pakistan Prime Minister Zulfikar Ali Bhutto, saw him on May 27. He reported that the Chairman was suffering from a bad cold.

Last year Chairman Mao did not not receive foreigners for a three-month spell and was believed to have travelled south to escape the rigours of the Peking winter. But Chairman Mao, who is suffering from a speech defect, later had meetings of well over an hour with world leaders such as President Ford and West German Chancellor Helmut Schmidt.

Since March, however, audiences have been cut to about 15 minutes. Official photographs no longer show him standing—sinologists speculate this is to inform the Chinese people of his frailty.

The next foreign leader due here is Australian Prime Minister Malcolm Fraser on Sunday. Reuter

# Sadat visits Iran

BY ROBERT GRAHAM TEHERAN, June 15.

PRESIDENT SADAT of Egypt arrived here to-day on a six-day State visit, overshadowed by events in the Lebanon and his continuing rift with Syria. The Lebanese situation and Egypt's relations with Syria will figure prominently in the discussions.

The Press has blown up the visit as of major significance beyond mere bilateral relations. The Shah may well offer his good offices to reconcile President Assad and President Sadat, augmenting the current Kuwaiti and Saudi efforts.

When President Assad was here earlier in the year, the Shah also proposed an Islamic summit; but this idea was considered not very helpful by some Arab Governments, who felt this might offend the Christian community in the Lebanon.

Relations between Iran and Egypt have become very close in a short space of time. The friendship dates to little more than three years but now Egypt is the Arab country with whom Iran identifies with the most.

Iran has committed $250m. for the rebuilding of Port Said. In addition, Iranian capital is participating in a proposed $400m. textile bill. There is also a joint Iran-Egypt development bank with a $20m. capital. There are also plans for three petrochemical projects.

# Syria to try fleeing pilot

DAMASCUS, June 15.

THE SYRIAN air force is to court martial for high treason one of its pilots, a Palestinian, who defected with his aircraft to Iraq.

Syrian and Iraqi troops, believed to be in divisional strength, are at present confronting each other across their desert frontier.

A Syrian military spokesman said the pilot had been urged to flee to Iraq by "some Palestinian leaders." The pilot has now joined the Iraqi air force.

Iraq yesterday also dispatched a second contingent of troops towards the Syrian border. Syria condemned the dispatch of the first contingent last Wednesday, and the call-up of Iraqi reserves, as a plot and is believed to have massed at least a division of its own troops to guard its borders in the Tawf region, where the Iraqi, Jordanian, and Syrian frontiers meet.

Prospects of a frontier clash are not considered serious, however, and most observers here see the troop movements as part of the pattern of muscle-flexing which accompanies the recurrent crisis in relations between the two countries.

Reuter



# Rhodesia race report attacked

BY TONY HAWKINS SALISBURY, June 15.

BOTH WINGS of the African National Council and white Right-wingers to-day attacked the report of the Commission of Inquiry into Racial Discrimination, which Prime Minister Ian Smith had earlier described as reasonable and balanced.

The Left and the Right both pointed to the fact that implementation of the Quenet Commission's recommendations would undermine the position of the ruling Rhodesian Front, but moderate white opinion welcomed the report.

Spokesmen for both Muzorewa and Nkomo factions of the ANC criticised two aspects of the report. First they pointed out that the report stopped short of recommending a fully non-racial society, particular race discrimination will continue in such critical areas as education and European residential areas. Secondly, both ANC groups said that even if all the recommendations were implemented, they would leave untouched the crux of the Rhodesian problem — political power.

The Rev. Max Chigwida, spokesman for Bishop Muzorewa said "The heart of the matter is the power of the Rhodesian Front's Government to indulge in such inhuman practices as any kind of racial discrimination." For Mr. Nkomo's party, the vice-president, Mr. Josiah Chinamano said Rhodesians problems would be solved by radical political leading to majority rule.

These reactions had been anticipated as all along the nationalists have shown little interest in the commission and did not give evidence. Predictably also, right-wing white groups sharply attacked the report, with Sascon (the Southern African Solidarity Congress) saying that implementation of any of the quenet commission's major recommendations would mean "the end of the Rhodesian Front."

Trouble brewing in the Horn of Africa—Page 12

The clear aim of the report, said Sascon, was discrimination in reverse. "In singling out the Land Tenure Act and the franchise, the report strikes at the root of the national fabric and the original principles of the Prime Minister and of the Rhodesian Front."

The leader of the far-right, Rhodesian National Party, Mr. Len Idensohn described the report as part of Mr. Smith's "normal appeasement," and as a "betrayal" of the whites.

The main Opposition party, the Rhodesia Party welcomed the report, but delayed detailed comment until it had had time to study the recommendations. For the tiny multiracial Centre Party, Mr. Pat Bashford, described the suggested reform as "excellent," but he too warned that with the exception of the call for a return to the common roll, the recommendations did not touch the heart of the problem.

The Association of Rhodesian Industries warned the Government that having gone so far to "expose the nettle," any attempt to shelve or postpone the problem would immediately alienate the goodwill of Rhodesia's friends abroad.

# Vorster shuns initiatives

BY STEWART DALBY CAPE TOWN, June 15.

MR JOHN VORSTER, the South African Prime Minister, does not have any concrete initiatives or package of proposals on Rhodesia to take with him for his meeting next week in West Germany with Dr Henry Kissinger, the U.S. Secretary of State, according to Afrikaaner Government sources.

The prime mover behind the meeting, due to take place on June 23 and 24, was Dr. Kissinger, the sources said. They speculated that black African leaders, whom Dr. Kissinger met on his recent African tour, suggested to him that a meeting with Mr. Vorster was crucial to resolving Southern Africa's problems.

Mr Vorster according to the sources, regards the tour as basically educational—an opportunity to apprise himself of the new U.S. interest in Southern Africa.

Sources discounted the possibility that Mr Vorster is on the brink of a dramatic gesture such as closing the Beit Bridge railway to South Africa, which is Rhodesia's main economic life line and denying Rhodesia the use of South African ports—acts which would bring down the white minority Government of Rhodesian Prime Minister Mr. Ian Smith very quickly.

HOME NEWS

# U.K. 'can meet its 1980s energy needs'

BY ROY HODSON

BRITAIN "SEEMS likely" to enjoy a relative abundance of energy through the 1980s and perhaps beyond, according to a Department of Energy report out to-day. It concludes that the country then will have more energy from its own resources than required.

The report is one of two, looking at both national and international energy prospects, prepared by the Department for the national energy conference on June 22 instigated by Mr. Anthony Wedgwood Benn, the Energy Secretary.

The paper on British energy prospects examines a range of possibilities with varying assumptions about the two key factors—the rate of Britain's economic growth and future world oil prices.

The department's optimistic view about the 1980s is accompanied by a warning that, although energy will be plentiful then, it will not be cheap for the great bulk of our needs.

## Costly imports

By some point in the 1990s, indigenous energy supplies would be diminishing and Britain would again need to import what are expected to be increasingly costly supplies.

The total British energy requirement by 1990 might be between 395m. and 465m. tons of coal equivalent, compared with 316m. tons last year.

Beyond 1990, the uncertainties of forecasting increased as the patterns of the past become less influential and historic relationships weaken.

Looking at world energy prospects the Department sees demand requiring full exploitation of fossil fuels, including a major expansion of the coal industry, and an increasingly important role for nuclear power.

Research into alternatives such as solar energy and wave power should continue, both for their long-term potential and because of the help some of them might be able to provide in meeting demand by the end of the century.

## Growth needs

Meanwhile energy conservation measures would continue to play an important role, but they should not be taken to the point where economic growth could suffer.

Mr. John Biffen, MP for Oswestry and the Conservative spokesman for Energy, says in a statement for the energy conference that Britain has an unusual opportunity ahead to exercise a "fuel freedom."

The country had enviable access to oil, gas and coal from indigenous sources and had been a pioneer in nuclear power stations.

A real freedom to choose between fuels could prove invaluable to an industrial society. The country should use commercial judgments when dealing with energy.

# Doctors are prescribing drugs 'with eye to cost'

DOCTORS ARE conscious of the cost of the drugs they prescribe and this helps ensure that Britain gets good value from the drug companies, an economist said yesterday.

A major study of almost all the new drugs released in an eight-year period claims to show that price competition does operate so that over-priced drugs do not do well.

The study—by Dr. Duncan Reekie of the Department of Business Studies, Edinburgh University—was presented to an Office of Health Economics conference in London yesterday.

It shows that one third of all new drugs are introduced at lower prices than existing alternatives; most close copies of existing drugs fail, even if given a low price; major advances tend to be more highly priced than minor ones; only major advances are likely to be both highly priced and successful; and price falls are more common than price rises.

This all suggested that there was price competition among drug-producers; and the implication was that doctors were price sensitive.

"Certainly the firms priced their products as though they believed the doctors were price-sensitive so the inference from that is either that doctors are price sensitive or drug companies are fools," Dr. Reekie said yesterday.

Overall he believed that Britain got good value from the drug companies. International studies of average price levels indicated that Britain has either the lowest or among the lowest prices in the advanced western world.

# Unionists meet Catholics in private Ulster talks

BY OUR OWN CORRESPONDENT IN BELFAST

ULSTER'S largest political group, the Official Unionist Party, has had a further meeting with Roman Catholic politicians in an attempt to thrash out an acceptable formula for a devolved Northern Ireland Government.

The Unionists took part in the private meeting in defiance of a decision by the Unionist Coalition last week temporarily postponing talks with the Social Democratic and Labour Party. Both sides are also understood to have agreed to another round of discussions next week.

A majority of the Unionist Coalition, led by the Rev. Ian Paisley and Mr. Ernest Baird, is solidly against the Official Unionists' exploration of possible solutions to the constitutional crisis.

It was Mr. Paisley who recently leaked the news of the previously secret meetings, and publicly condemned them.

This open challenge from the Official Unionists to the hardliners in the Coalition makes even more likely the predicted break-up in the three-year-old Alliance of Unionist Groups.

The latest Unionists meeting with the SDLP, the sixth in a series, apparently took place yesterday. According to sources, more progress was made. Both sides have been staying silent about what is involved in their discussions.

The SDLP, which decided at a week-end conference that the best hope of a settlement lay in continuation of the confidential meetings, is understood to have sought assurances from the Unionists that they would remain at the negotiating table despite the pressures on them from Mr. Paisley and his supporters.

The Unionist representatives, the Rev. Martin Smyth and Mr. Austin Ardill, are expected to report to their party executive within about a week on their progress with Mr. John Hume and Mr. Paddy Devlin of the SDLP.

Sources close to the SDLP representatives have indicated that there has been movement towards the idea of a voluntary coalition Government.

This concept was first introduced by Mr. William Craig during the Convention talks last year, but led to his subsequent isolation from the Unionist Coalition by the Paisley-led faction.

# Bid to stop Felixstowe Bill

BY JOHN WYLES, SHIPPING CORRESPONDENT

EUROPEAN FERRIES, owner of the Felixstowe Dock and Railway Company, has launched a High Court attempt to stop the British Transport Docks Board from going ahead with its Parliamentary Bill to take over Felixstowe.

The Felixstowe Board has served a writ on the Docks Board claiming that a take-over deal made before European Ferries assumed control is now void and saying that the Bill implementing the deal ought to be withdrawn.

Felixstowe is seeking also an injunction restraining the Docks Board from taking steps to promote the Bill which is due to have its second reading in the House of Lords next Tuesday, having already completed its Commons stages.

The writ was served on Friday and the Docks Board has 14 days from then to file its defence. No date has yet been set for a hearing which means that European Ferries' immediate attempts to retain control of Felixstowe are centred on a comprehensive lobby of members of the Lords.

Mr. Keith Wickenden, the company's chairman, said yesterday that circulars had been sent to all 1,100 members of the Lords urging them to oppose the Bill.

European Ferries would prefer to see the Bill rejected by the Lords without sufficient time remaining for it to be salvaged for a Royal Assent before November 15, the deadline specified in the original agreement.

But a second manouvre is to look for a delay imposed by the Upper House deciding that the Bill should be deferred pending the outcome of the legal proceedings.

In the High Court, much of the argument will centre on the definition of a "material change" to the Docks Board Felixstowe agreement. Felixstowe has interpreted a Commons amendment to the Bill as a material change which, because it is unacceptable, leaves it free under the agreement to renounce the deal.

● Houlder Brothers, part of the Furness Withy Group, disclosed yesterday that it is a customer for one of the 14 SD 14 cargo ships which have been ordered at Austin and Pickersgill's Teesside yard this year. Houlder's announcement leaves just one buyer still unknown.

# Subsidise fishing fleet Government is urged

BY PETER HENNESSY STRASBOURG, June 18.

MR. JOHN PRESCOTT, Labour MP for Hull East, yesterday called on the Government to subsidise the British fishing fleet to keep it at maximum strength and thus ensure that the U.K.'s quota is as large as possible when the EEC reviews its Common Fisheries policy at the end of the year.

After a meeting with Mr. Pierre Lardinois, Commissioner for Agriculture and Fisheries, in Strasbourg, Mr. Prescott said that he had been told that a 50-mile limit for the U.K. would be illegal under the terms of the Treaty of Rome.

The Community could provide only a limited amount of aid for the fishermen made unemployed by the new agreement with Iceland.

Mr. Prescott was given permission by Labour whips to attend the European Parliament. Two other Labour MPs were present in Strasbourg yesterday in spite of the suspension of all pairing arrangements at Westminster.

Mr. Willie Hamilton said that his presence in Strasbourg would be of more service to the Labour Party. Mr. Tam Dalyell said that the consequences were on his own head.

# Wine and spirit drinking down 5.6% last year

U.K. WINE consumption dropped by about 30m. bottles last year. With Excise duty changes putting prices up, 1.5m. fewer proof gallons of spirit were drunk too.

Mr. George Bull, newly elected chairman of the Wine and Spirits Association said in London yesterday, that wine sales dropped last year by 6 per cent from 82.5m. gallons to 77.5m., and spirits by 5 per cent, from 33.2m. proof gallons to 31.6m.

"This is the first decrease in the sales of wines and spirits for a great number of years," Mr. Bull said.

# Price Commission bars 15 increases in May

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION rejected 15 applications for rises last month. It modified a further 47, and 19 were withdrawn.

Among companies whose increases were rejected were Marley Floors, which wanted to raise the price of its roofing products by 9.77 per cent.; Honeywell, the Wellcome Foundation, and Firestone Rubber.

Godfrey Davis (Car Hire) had an application for a tariff increase of 6.85 per cent. trimmed by 0.04 points. Imperial Tobacco withdrew a proposed increase of 0.38 per cent. after preliminary discussions with the Commission.

Since the beginning of Stage Four of the anti-inflation policy the Commission has rejected 244 notifications and modified 1,145. A total of 389 have been withdrawn by the companies concerned.

# Furniture deliveries drop 6p.c.

DOMESTIC FURNITURE deliveries were worth £50.4m. in April, according to provisional estimates from the Department of Industry yesterday.

This was nearly 6 per cent. less, on a seasonally adjusted basis, than in March, and about 7 per cent. lower than a year before.

The index of orders on hand, also on a seasonally adjusted basis, echoed the fall by slipping 4 per cent. to 167 (end-1970=100) from 174 in March.

This is 20 per cent. lower than the volume of orders held by manufacturers a year ago when orders were on a rising trend.

# Managers lose jobs

OVER-MANNING—once largely a shop-floor problem—has hit British management. An estimated 90,000 executives are now unemployed, says the management magazine Business Administration.

It suggests that there is a strong belief that companies could do even more to cut management.

Mr. Jan Van den Berg, managing director of McKinsey and Company, the management consultants, believes there is over-manning at management levels of between 20 and 30 per cent.

He blames the setting up of separate profit centres and "empire building" as two major sources of "mushroom" management.

Companies also tended to be too kind to managers—moving them sideways when they failed, rather than firing them.

# Selsdon Group urges partial risk securities

FUNDS MADE available to companies through State guarantees or subsidies should instead pass through the market mechanism, a Selsdon Group pamphlet urged yesterday.

Dr Barry Bracewell-Milnes, economic adviser to the Institute of Directors, suggests "partially guaranteed securities."

Government finance should depend on money that could be obtained from the investing public, while the investment should be partially at risk and never wholly guaranteed.

The Selsdon Group was formed in 1973 to press the case for the free market economy within the Conservative Party.

*Industry for the people. Barry Bracewell-Milnes; Selsdon Group Publications, 170 Sloane Street London SW1. £1 plus 10p p and p.*

# Shell plan gets £305,000 grant

SHELL Chemicals U.K. is to receive a £306,000 Department of Environment grant towards the £810,000 cost of providing rail freight facilities at its Carrington Works, near Manchester.

Increasing tonnages of propylene brought into the works by rail rather than lorry bringing environmental benefits to the Manchester conurbation, Cheshire, Port Talbot, Neath the Brecon Beacons National Park and other parts of the country.

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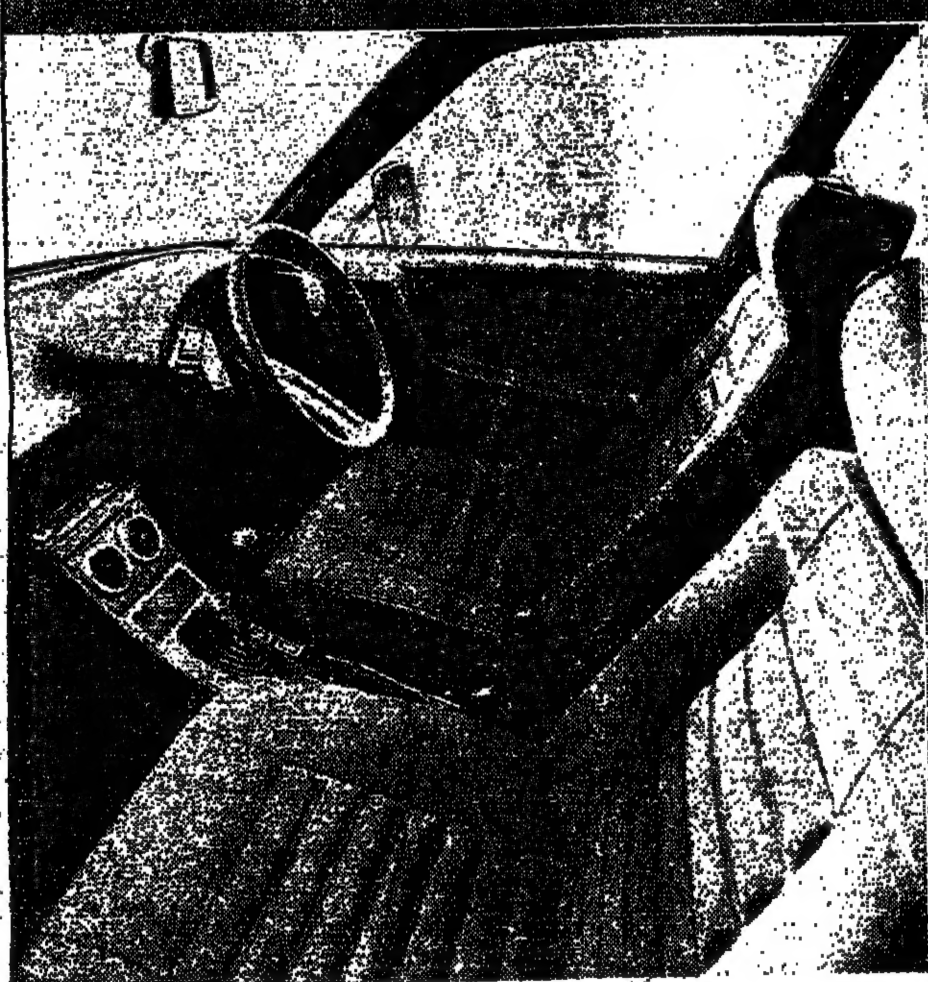
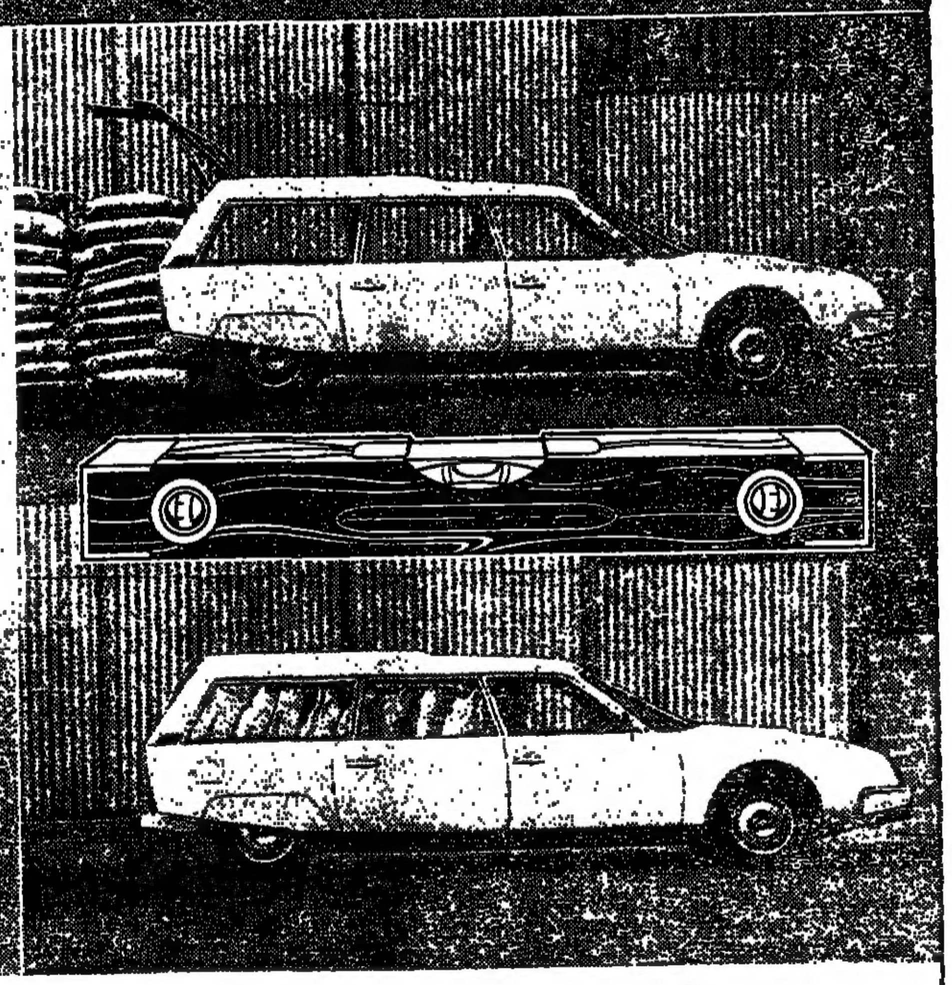
# New CX Safari.





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CITROËN CX Safari

HOME NEWS

# Five-point plan to improve GATT rules on textiles

BY OUR OWN CORRESPONDENT

A FIVE-POINT programme to improve the GATT Multi-Fibre Arrangement which regulates world textile trading is being submitted to the Government by the British Textile Employers' Association through the British Textile Confederation.

The acquisition, which represents the cotton and man-made fibre textiles sector, is calling for global quotas on imports of textiles; a flexibility clause to allow a drop in the existing 6 per cent. growth rate in imports in times of recession; and a clause enabling countries with import penetration levels to adopt special measures to safeguard their own production.

### Restraint

Mr. Edmund Gartside president of the association, outlining the proposals in Manchester yesterday, also urged that any new arrangement should also be able to prevent restraint measures being negated by the arrival of new export producers.

The period on which restraint measures would be based should be extended to two years to avoid a build up in trade by exporting countries as a negotiating device. The whole arrangement, which lasts four years, should also be extended, to allow better forward planning by the industry.

### Penetration

The association is also arguing that there should be no further growth in imports penetration in the U.K. Mr. Gartside said that in the decade to the end of last year, both the U.S. and the U.K. had growth rates of imports of cotton and man-made fibre woven goods of just under 6 per cent., but because of past restrictions U.S. import penetration was still less than 10 per cent of total domestic consumption.

From this low base import growth could continue at 6 per cent. for many years without causing savage injury to their industry.

Because of the duty-free Commonwealth entry arrangements, however, Britain had a much higher initial import penetration. With the same growth rate as in the U.S. the results for the U.K. industry were startlingly more destructive.

If present growth rates were allowed to continue the figure for U.K. penetration by imports from outside Western Europe by 1984 would be 73 per cent. compared with only 17 per cent. in the U.S.

The association is also claiming that although an EEC burden-sharing agreement will reduce some of the impact on Britain of higher imports into the Community, the reduction already in the size of the U.K. industry meant that the remainder could soon be reduced towards becoming non-viable.

### Reasonable

Mr. Gartside said that the proposals submitted were inherently reasonable, and negotiable by the Government through the EEC.

Secondly, the association's views were shared by the British Textile Confederation, representing all sectors of the textile industry.

He was concerned, however, that the industry could not be present at the negotiating table.

# Fiat to raise its U.K. car prices by 4.5%

FIAT CAR prices in the U.K. are to go up on Monday by an average of 4.5 per cent. Fiat's last increase was on February 2, since when a new wages agreement in Italy has come into operation.

The new prices bring the 126 saloon to £1,161, the 127 2-door to £1,535, the 128 4-door to £1,765, the 131 4-doord to £2,090, and the 132 1600 to £2,383.

LONG-RANGE WEATHER

# Cooler and cloudier

SUNSHINE BELOW average and cooler less settled weather is the long-range weather forecast for the period until July 14, issued yesterday by the Meteorological Office

Rainfall is likely to be average and sunshine below average, except in the South where it will be about average.

Temperatures are expected to be below average in Scotland and Northern Ireland, but near average in England and Wales There will not be more thunder than usual.

The long-range forecast for this month said that after a dry start temperatures and sunshine would be below average except in the Midlands and South East. Average rainfall was also predicted

The London Weather Centre said yesterday, "We are only half-way through the month and you can't really assess the forecast until you reach the end. All we need is two good thunderstorms."

# Unreal housing targets attacked

By Michael Cassell, Building Correspondent

THE HOUSING problem would be more easily solved if all political parties would avoid committing themselves to targets which were not realistic, Lord Greenwood, a former Minister of Housing and now chairman of the Britannia Building Society, said in London yesterday.

If there could be general agreement on the size of the house building programme, a better picture could be drawn of the likely demand on finance, building materials and labour resources, he said!

As a result, the tasks confronting local authorities, trade unions, builders and building societies would be made considerably easier.

"Moreover, we should avoid a lot of heartbreak for homeless people whose hopes are inevitably raised when extravagant promises are made."

### New title

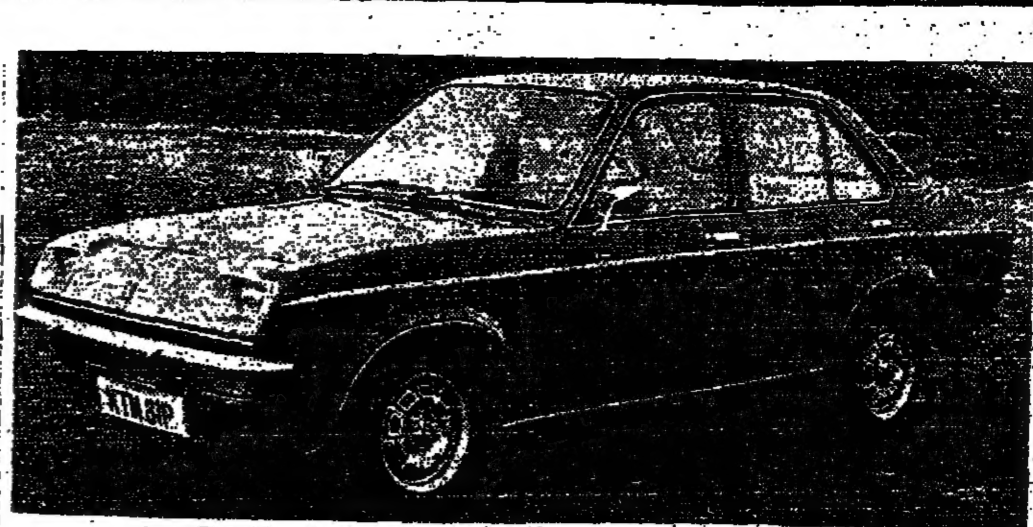
Lord Greenwood was announcing the results of the Britannia in the first six months of operation under its new title. It was formerly the Leek and Westbourne and Eastern Counties Building Society.

In the first half of this year, assets have risen to £742m. against £624m. a year earlier, a growth rate of almost 19 per cent.

In the first six months of this year, investors' receipts will have reached an estimated £150m. compared with £128m. for the first half of 1975, an increase of 17.5 per cent.

During the same period, mortgage advances rose by 58 per cent. to reach £78m. and are now running at 250 per cent. up on 1974. About 50,000 new investment accounts have been opened up so far this year and 10,000 new borrowers will have taken up loans by the end of this month.

On prospects, Lord Greenwood said that the recent high level of lending activity would he hoped be maintained.



The Chevette saloon version, launched by Vauxhall to-day.

# New Chevette saloon gives bigger Vauxhall choice

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL'S rapidly-expanding model range receives a further boost to-day with the launch of a saloon version of the Chevette, first seen last year in its three-door hatchback configuration.

The new car comes on to the market at £1,602 for the two-door version and £1,894 for the four-door, falling into the small family saloon sector dominated by the Ford Escort and the Leyland Allegro.

Within 15 months Vauxhall has now introduced the two Chevette models, the new Cavalier and its revamped VX range of large cars in a bid to expand its coverage of the total market.

For the time being, Vauxhall intends to keep its 10-year-old Viva, which shares its 1256 cc engine with the Chevette, in production.

The strategy behind this, it says, is to give the customer as much choice as possible and to reach a point where he can move up or down the range in £50 steps.

The Viva is still maintaining its position among the top ten selling models in the country

The sudden flurry of new models is evidence of the plans for developing Vauxhall initiated by its chairman and managing director, Mr. Bob Price, who took on the job two years ago.

Although the company was written off as having no long-term future in the U.K. by the Commons committee team investigating the industry last year, Vauxhall now believes that it should return to profit in 1976.

Sales in the first five months of the year are up from 40,036 to 52,486, and its market share has risen by well over a point to 8.78 per cent.

With the new model coming on stream, Vauxhall is confident that it can reach its target of 9.8 per cent. this year, given a total market in the region of 1.32m.

Much of the company's financial improvement stems from better utilisation of funds and stocks. But production in the U.K.—quite apart from the Cavalier, which is imported from Belgium—is also rising.

Target production this year is a little over 120,000 units against just under 100,000 in 1975.

Like the hatchback Chevette, the new model brings further evidence of the increasing integration of Vauxhall and Opel, General Motors' two European car subsidiaries. Some of the door panels are made in Germany and the basic design of the rear quarters comes from Opel.

In a similar way, the Opel-City car has a number of body panels supplied by Vauxhall.

The new model brings jobs to Luton, where the hatchback version is made, and Ellesmere Port in Liverpool, which produces the Viva. Two-door versions are to be made in Luton and Ellesmere Port, and the 4-door in Luton.

In the longer term there have been suggestions that the company will transfer production of the Cavalier from the Continent to Ellesmere Port. But this is still speculative, with the earliest date under consideration towards the end of next year.

# Fewer jobs for teachers

LONDON'S FALLING school population may mean that 1,100 fewer teacher posts will be needed by 1980 within the Inner London Education Authority Area.

But ILEA said yesterday that there was no question of teachers being sacked or being made redundant. Any reduction would be achieved through natural wastage, redeployment and an adjusted recruitment policy.

The review of Inner London's secondary school needs is contained in a document drawn up by ILEA officers for a committee made up of the authority's officers and the teacher unions.

The authority said yesterday that it was very much a preliminary discussion document

It sets out the familiar pattern of the city's secondary school population falling between now and 1980 from around 180,000 to 161,471 which could involve the potential reduction without loss of standards of 1,137 teaching posts.

The report says that some young teachers who got early promotion during a period of staffing shortage might not be as good as staff now available. Referring to the presence of a certain number of ineffective teachers, it questions whether the system can afford to carry them

# Gas chief rejects 'junket' claim

FINANCIAL TIMES REPORTER

SIR ARTHUR HETHERINGTON, chairman of the British Gas Corporation, yesterday hit back at critics who accused the corporation of indulging in an "expensive, sumptuous, junket" at the Tower of London.

He said the event—last week's World Gas Conference—could bring benefits to Britain running into many millions of pounds.

"This country leads the world in gas technology," said Sir Arthur in a reply to Mr. Michael Brotherton, Tory MP for Louth, who had complained about the "squandering of money."

"It has achieved this position through the skill, hard work and dedication of its engineers, scientists and managers. "Gas technology is developing rapidly all over the world and we will retain our position only if our people are able to participate fully in international conferences such as that in London last week."

The world gas conference at the Tower was attended by more than 1,800 delegates, many from overseas.

"The British contingent included delegates from many companies in the private sector as well as British Gas and would be very surprised indeed if they were expected to pay the conference fees out of their own pockets," said Sir Arthur.

The conference could show a surplus of as much as £50,000. No cost for any of the social events was likely to fall on British Gas.

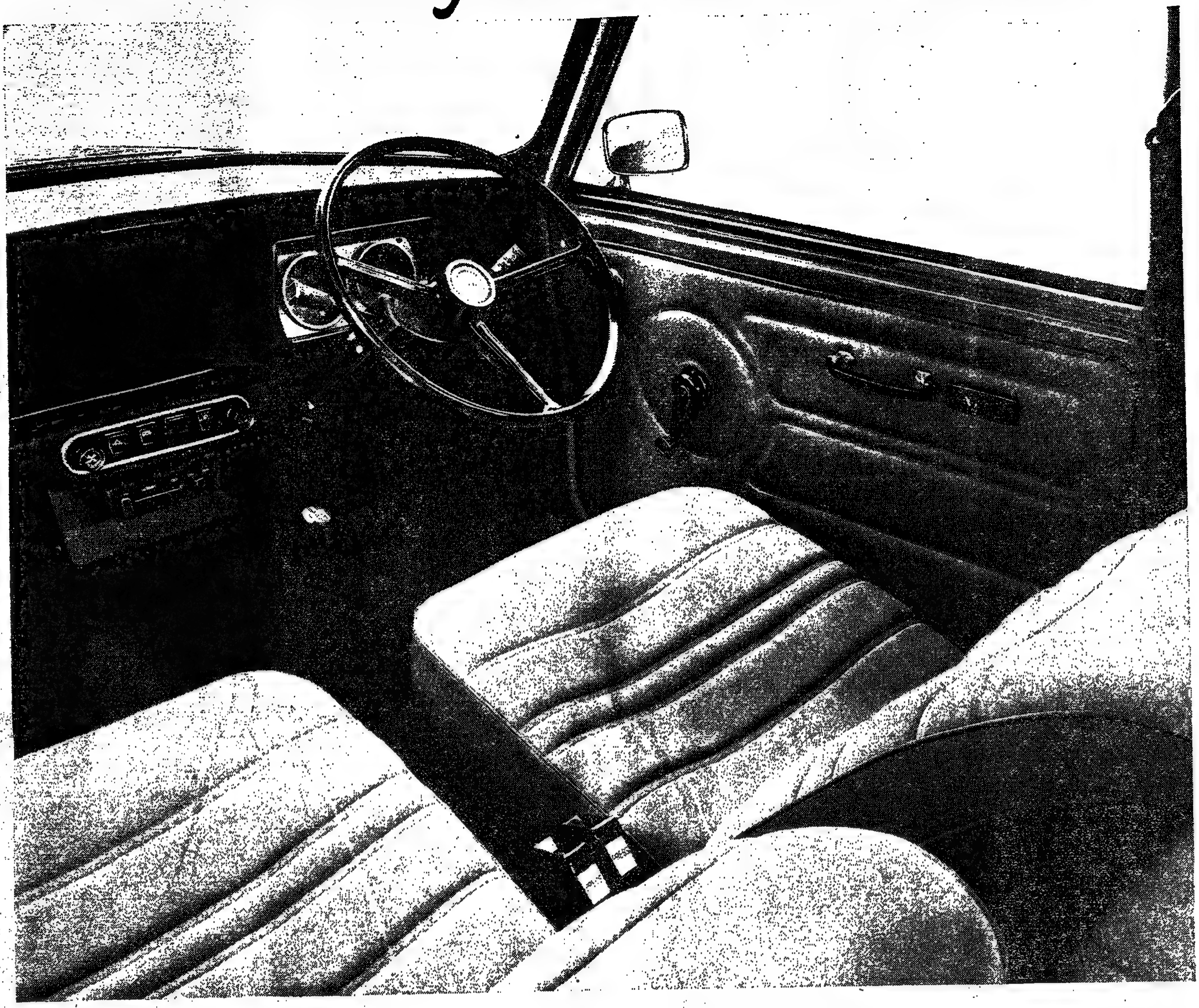
"We earn substantial foreign exchange by assisting other countries in many fields of gas technology," said Sir Arthur. "Our customers benefit from the revenue earned in this way."

Many manufacturers in the private sector had made valuable contacts at the conference and expected to increase their exports as a result.

Export business worth many millions of pounds to companies like Rolls-Royce and GEC could be generated.

"In these circumstances therefore, it is regrettable that certain sections of the Press look for opportunities to present the gas industry in an unfavourable light.

# Remember what it felt like to drive your first Mini?



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Mini prices start at £1427.40 (Car featured Mini Clubman Saloon from £1642.68) Prices include car tax, VAT and front seat belts. (Number plates and delivery extra.)

The vital interests of neighbours and international intrigue will not ease Djibouti's impending independence. **James Buxton** reports

# Trouble brewing in the Horn of Africa

AN EXPLOSIVE situation is building up in the Horn of Africa. At its centre is the French Territory of the Afars and Issas, generally known as Djibouti, the last substantial European possession in Africa. Djibouti is strategically placed at the entrance to the Red Sea and is the storm centre of a long dispute between Ethiopia and Somalia, armed respectively by the U.S. and the Soviet Union. France intends making Djibouti independent within a year.

The little territory's importance transcends its 8,000 square miles of volcanic rock and desert and its population of only about 200,000. It is the port through which more than half of Ethiopia's trade passes, being at one end of the Franco-Ethiopian railway to Addis Ababa. Since Ethiopia's only other outlets to the sea—the port of Assab and the naval base of Massawa—are in the province of Eritrea, where the bitter secessionist civil war is being fought, Djibouti is even more important to the Ethiopian Government than it might at first seem.

## Irredentism

Somalia, Ethiopia's eastern neighbour, has a dynamism out of proportion to its population of only 3m. Even though they are divided into several distinct tribal groups the Somalis are recognisably one people. The five pointed star on the Somali flag refers to the five Somalias—the former British possession in the north and the former Italian one in the south now united in the present State, plus claims on a large chunk of eastern Ethiopia inhabited by Somali tribes, a large part of north eastern Kenya and Djibouti.

Djibouti is something of a special case as an objective of Somali Irredentism. Its population is about evenly divided between the Afars, a primarily nomadic people who straddle the border with Ethiopia, and the more urban Issas, who have affinities with the Somalis. In addition about 45,000 Somalis proper, whose real home is inside the Somali Democratic Republic, live and work in Djibouti.

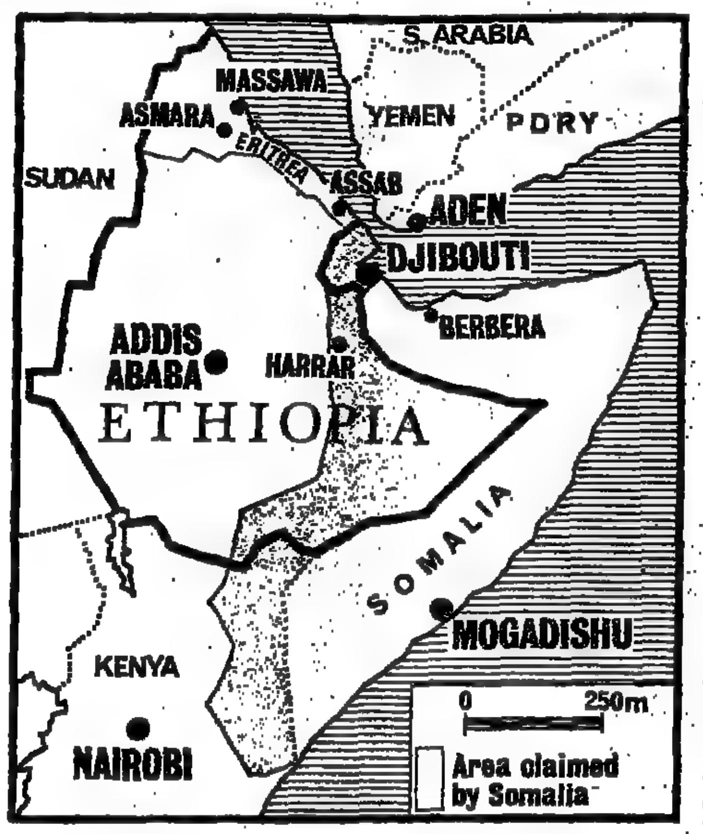
In multi-racial states one group generally is on top, and the French long ago selected the Afars. The chief minister (the territory has a measure of self-government) is an Afar, M. Ali Aref, and his party the Union Nationale pour L'Indépendence (UNI), obtained all 40 seats in the Chamber of Deputies at the 1973 election. At referenda in 1958 and 1967 the vote of the Afars ensured a majority in favour of staying French, but there is little doubt that, particularly in 1967, strong influence was brought to make sure that the pro-French, pro-Afar side won. There is even an electrified barbed wire fence around the town of Djibouti to keep unwelcome Issas and Somalis out and Mr. Aref's regime has been characterised by blatant and well documented favouritism towards a small section of the Afar community.

It may well be that when, towards the end of last year, France decided that the time had come for Djibouti to receive independence, it envisaged that M. Aref or another Afar would govern the country in independence. M. Aref said he would need French military support in order the keep the Issas down and the Somalis out, and that suited French desires to retain a stronghold in this corner of the Indian Ocean. However things have changed sharply since then.

First Somalia has made it clear that Djibouti must become independent on terms which allow full rights to the Issas and Somalis. In effect Somalia has hinted that if the Afar hegemony is not replaced by an Issa (and thus pro-Somalia) hegemony it might assert its claim to the territory, a claim which has been overshadowed by its protestations of support for an independent Djibouti. The Somali threat is serious: not only does Somalia have a treaty of friendship with the USSR, but it also has a 22,000 strong Soviet-trained and advised army equipped with 250 Russian T-34 and T-54/55 medium tanks.

Secondly, partly because of the Somali attitude, France has decided that it no longer wants to retain Djibouti as a military stronghold, and since March has made a point of saying so to all the interested parties. This does not rule out the possibility of troops remaining there to keep the peace for a time after independence, assuming the new government wanted them (though Somalia is deeply opposed to this). Despite having about 6,000 military personnel in Djibouti (including 15 tanks and ten F100 fighter aircraft) the French insist that Djibouti is not a base in the literal sense of the word. It has no exclusively military airfield and no naval base, although French warships often call there.

Although France wants to retain a major military presence in the Indian Ocean (from time to time it deploys powerful naval forces there) it believes that Réunion (the French island in the south eastern Indian Ocean near Madagascar) and the island of Mayotte (in the Comoros) make more secure bases. The strategic importance of Djibouti's position is not denied, especially in the light of the Soviet buildup at Berbera, along the coast in Somalia, where the USSR has a missile handling facility, and across the sea at Aden; but the French apparently do not feel sufficiently strongly about the need to guard the Red Sea entrance to want to hold onto a position there which would always be under threat from Somalia.




The third change which has taken place in the outlook for Djibouti is that the position of M. Aref has become steadily weaker. Over the past few months 18 of his 40 Parliamentary supporters have drifted away, leaving him with a slender majority. Some of these deputies have deserted UNI because they are hesitant about independence; the Ethiopia attack on Afars inside Ethiopia has cost him credibility; but most important is the self-reinforcing belief that M. Aref is not the man to lead Djibouti into secure independence in the light of the Somali threat. For the political force which is making the running in Djibouti is the Ligue Populaire Africaine pour L'Independence (LPAI). The LPAI is militantly in favour of independence; although it draws much of its support from the Issas it also has many Afar members and much of its success is due to the general dislike of M. Aref and his regime.

The LPAI has links with Somalia; last year it agreed to co-operate with the illegal Front for the Liberation of the Somali Coast (FLCS) which is effectively a guerilla organisation, with headquarters in Mogadishu, the Somali capital. Although the FLCS has not attracted much support in Djibouti, it was responsible last February for the kidnapping of a bus-load of French school children which led to a bloody shootout, and this incident may have helped convince France that it would be better to pull out of Djibouti.

Talks in Paris on Djibouti's future ended last week (June 9) with an agreement of the three parties present (the UNI, the parliamentary opposition and the LPAI) that the territory should become independent as a sovereign state which would be recognised by Somalia and Ethiopia. The need for close co-opeartion with France was agreed on, although whether this means a continued French military presence was not spelled out. But it was stipulated that if M. Aref can be forced out (and he has said he will go if he loses a vote of confidence in the Assembly) all three parties would join in a single administration.

The next task, as the French see it, would be the delicate one of registering electors to vote in a referendum to decide the enclave's future (a vote in favour of independence would seem a foregone conclusion) and then an election to choose a government and decide on a constitution. Implicit in all this is the understanding that the apparatus at present disproportionately favouring the Afars would be dismantled.

All this would appear to bode reasonably well for the future of the territory and of the region, but the key question remains: will Somalia attempt to take over Djibouti in some form, and if so would this be the cause of war with Ethiopia. Although the territory seems to be drifting in the direction of the pro-Somali political faction anyway, giving Mogadishu the prospect of control by proxy, the possibility of Somalis marching into Djibouti the moment French forces withdrew cannot be ruled out. If that happened the Addis Ababa Government would almost certainly retaliate, fearing for its economic lifeline and the territory of its own which Somalia claims. But a pre-emptive Somali move into Djibouti (which Ethiopia does not claim for itself) would catch Addis Ababa at a disadvantage.

Ethiopia has twice as many men in its armed forces as Somalia (now 50,800 of which 47,000 are in the army). It has substantially increased its armour with U.S. assistance in the past year and now has 2 M-60 medium tanks and 54 M-4 light tanks. But this is a long way short of the Somali armour and since the 1974 overthrow of the Emperor Haile Selassie the Ethiopian army has suffered the arrest of senior officers, and has been deployed throughout the country to deal with provincial revolts, some of which have been aided by the Somalis. By far the most serious is that in Eritrea where the army, suffering low morale, is bogged down in a stalemate with the guerilla forces.

## Peasants

Although Ethiopia was trying to settle the Eritrea problem with a march of thousands of peasants who, it was hoped, would drive out Eritrean villagers and deny the guerillas their food supplies and shelter, this move was doomed to failure with reports of the peasants being held up by other guerillas in the adjoining province of Tigre and the Government under pressure from a concerned U.S. Government to call it off, to which it acceded. In the absence of any serious peace offer there seems little chance of the Ethiopian army being free to confront the Somalis effectively.

Somalia may however calculate that the course of events in Djibouti makes an outright takeover unnecessary. Indeed the Soviet Union might well advise against such a move, partly because a conflagration could endanger the Berbera base and partly because Moscow wants to have good relations with the Ethiopian regime, with which it has some ideological affinities. Even if the Somalis did control Djibouti directly there would be good reason for not closing the port to Ethiopia, quite apart from the provocation this would mean: the port is the territory's only resource and Ethiopia its only major customer. That suggests there is room for an accommodation between the two countries; but in the present volatile state of relations in the area, and with the massive armaments on both sides, that may well be too much to expect.

LABOUR NEWS

# Pay pact passes final test at print meeting

BY ALAN PIKE, LABOUR STAFF

THE PROPOSED second phase of pay policy passed its final test in trade union conference halls were yesterday, before going to the special TUC Congress for endorsement this morning.

Members of the governing council of the National Society of Operative Printers, Graphical and Media Personnel (NATSOPA) backed the proposals *overwhelmingly after* being told by Mr. Michael Foot, Lord President of the Council, that acceptance by the trade union movement could bring "great benefits" for the country.

The National Graphical Association conference, which was addressed yesterday by Mr. Albert Booth, Mr. Foot's successor as Employment Secretary, also gave final support to the policy.

On Monday, delegates had rejected a national council motion opposing the details of the new *policy* and yesterday by a large majority they removed all uncertainty by *instructing their general secretary*, Mr. Joe Wade, to vote in favour of the official TUC position at to-day's Congress.

Yesterday's conferences were *the last of a series of union* delegate and executive meetings which have considered the new pay proposals during recent weeks. In almost every case, decisions to support the Government have been reached and the policy is guaranteed approval to-day.

With *the outcome* of the special congress beyond doubt, Mr. Foot and Mr. Booth, both of whom were involved in Government negotiations with *the TUC, took a forward* view of the position in their speeches yesterday. Mr. Foot said that though he was not suggesting the pay policy would solve all problems. its acceptance by trade unions and by the Congress would be of great benefit to the country.

Inflation, which was imposing great hardships, had to be beaten *in order* to beat unemployment, which was at a level "intolerable to any civilised government." *The level of wage settlements* was not the only cause of inflation, but it could not be contested that it was one element.

*Mr. Foot said he appreciated* that people were impatient to go quickly forward towards the Government's Socialist goals, but added: "I want to make sure we do not destroy, by our impatience, the possibility of moving towards that new society." This could happen if *the Labour movement did not* remain united.

Mr. Booth said the new policy had been supported without reservation by all those who took part in the Government-TUC talks. It had been so strongly backed by Ministers and the TUC negotiators because they believed it was the best arrangement in the present economic position

If the policy worked during the coming year, the Government would be indebted to the trade union movement and the links forged between the two could not be forgotten when the crisis was over. The eventual *rewards must flow* towards those who had made the sacrifices.

## Sogat leader says one print union inevitable

AN APPEAL to the print unions to join a "common dialogue" on the establishment of a single union for the industry was issued yesterday by Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades.

*He referred to the possibility* that his own union, the National Graphical Association and the National Society of Operative Printers, Graphical and Media Personnel (NATSOPA) might come together and said that any other like-minded union would be welcome to participate in discussions on the subject.

Mr. Keys, chairman of the TUC printing industries committee, told delegates to the NGA conference at Bournemouth that it was no longer a question of whether a single print union would be created, but when.

New technology, which newspapers were preparing to introduce, was forcing the unions to talk to each other and see whether they could work together.

"Unless we act in a concerted form, new technology will create untold *miseries*," he said.

# TUC bid to settle white-collar row

BY IAN HARGREAVES, LABOUR STAFF

A TOP-LEVEL meeting of union officials will be held at the TUC on Friday in an attempt to clear the ground for a settlement of a white-collar recognition dispute which has hit production at the British Steel Corporation's *Ravenscraig hot strip mill in* Scotland.

Lord Allen, chairman of the TUC economic committee, will chair the meeting, at which Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, and Mr. Roy Grantham, general secretary of the Association of *Professional*, Executive, Clerical and Computer Staff, will put their respective cases.

APEX has been in dispute with British Steel for over three weeks because it claims, the corporation is refusing to grant negotiating rights to 200 of its members who are about to be transferred to BSC's Oswald Street office in Glasgow.

The union has blacked ordering and scheduling work, leading to a loss of about 30,000 tonnes of hot strip production at Ravenscraig so far, although yesterday production was reported to have resumed on a makeshift basis. The corporation has replied to the blacking by suspending the pay of 500 APEX members.

The situation is complicated by the fact that APEX considers *itself to be solely in conflict with* BSC, but the corporation argues that APEX is involved in a dispute with ISTC, which is the majority union at Oswald Street. The corporation will be present at Friday's meeting in a consultative capacity only.

Mr. Grantham last night *described the corporation's* actions in the dispute as "provocative and uncivilised." Until BSC recognised APEX's status at Oswald Street, there was no question of his union reaching a Bridlington agreement settlement with ISTC on spheres of operation.

# Pressure on code resisted

BY OUR LABOUR STAFF

THE GOVERNMENT had resisted strong pressure from industry to scrap price controls. Mrs. Shirley Williams, Prices Secretary, told a union conference yesterday.

A new price code would be needed from the end of this month to run alongside the next wage policy. Controls on prices and profits would continue for another year, but with greater encouragement given to investment in new plant, the Minister said.

She told the annual conference of the National Union of Hosiery and Knitwear Workers at Eastbourne: "We have been *urged very strongly by industry* to scrap the price controls in order to boost industrial profitability. It has been our view that this is impossible at the present time when we are asking for wage controls."

The Government would ensure that money did not go into overseas investments, Mrs. Williams said.

The conference instructed delegates to today's TUC congress to vote for the pay policy, with a resolution to seek the maximum increases allowed within the £2.50 to £4 limits in the new round of bargaining.

# Arab terms for ship officers beat U.K.

BY IAN HARGREAVES, LABOUR STAFF

THE MERCHANT NAVY and Airline Officers' Association has signed its first formal pay and conditions deal with an Arab ship-owner and has been granted better terms *than those offered* on U.K.-owned ships.

The agreement was reached with the newly-formed Dubai Maritime Transport Company, which has started recruiting British seamen for its fleet.

Mr. John Newman, the union's chief negotiator, said the unusually comprehensive agreement was of major importance. "There is no doubt that this is the most expansive area for shipping at the present time. There is also no doubt that the Arab countries want an increasing amount of expertise which our members can provide." Over 1,000 British officers already work for Arab shipping lines.

The package for officers on the company's non-U.K. flagships offers better pay scales, redundancy terms and fringe payments than those on British vessels. For example, on the Arab-owned ship a chief engineer would start at £10,924 a year, compared with the £7,300 of his U.K. counterpart. Redundancy payments *would take into account service* with other companies. Medical severance payments are double those typical on U.K. flagships.

The union has won for its 40,000 members a closed shop agreement on Dubai Maritime vessels.

Mr. Newman said he hoped to *conclude a similar agreement* with the Kuwait Steamship Company shortly, and that other Arab contracts would follow. The union is to send a delegation to *Cairo in October to discuss the* general situation.

● Further talks are expected this week on the union's £6 pay claim. Negotiations broke down on whether cadets and officers earning salaries close to the £8,500 cut-off point specified in the pay policy should receive the full £6.

# Rover launch threatened by Alvis strike

*PRODUCTION* of the new Rover car is being threatened by a strike of seven men at the Alvis special components factory in Coventry.

They are in dispute over piece-work earnings. The men involved are grinders who machine certain parts for aluminium *alloy engines.*

The company said yesterday that the strikers were not observing agreed procedure. *But Mr. George Butler a local* official of the Amalgamated Union of Engineering Workers, said there had been a plant conference but the company had failed to agree a fair price for the job involved.

Alvis makes key components for various factories in the rest *of the Leyland group. The new* Rover car, due to be launched in a fortnight from the Solihull works, has already been delayed by strikes elsewhere.

# Chapple urges status change for manager

MANAGERS have failed to accept that in future they can operate only with the consent and understanding of workers, says Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union.

*In a paper published to-day by the Foundation for Business* Responsibilities Mr. Chapple attacks the system of perks and privileges used to raise the staus of managers.

Referring to the Bullock Committee inquiry into industrial democracy, Mr. Chapple says the days of unchallenged managerial authority are gone. "This will have a profound impact on the relationships between different levels of management.

"*If junior and middle* managers are to be exepected to deal with workpeople on a more egalitarian basis than ever before, they will demand the same sort of concern, compromise and lack of dictation from their superiors. Senior managers must now consider how best they can *sustain* the morale of the managers who work for them."

He adds: "This new responsibility will be at variance with the continuance of an authority structure in industry which perpetuates privileges, perks and rewards which bear no relation to the actual contribution made to industry by many people lmped together as managers."

*The problem for trade unions in a developing industrial* democracy was to take account *of the needs of the individual in a system dominated by majority* views and "to exercise their new-found power with patience, skill and sensitivity, which often appears to be lacking when dealing with internal dissent."

## Pickets delay magazines

By Our Labour Staff

MACMILLAN PUBLISHING offices in London and Basingstoke were hit yesterday when members of the National Union of Journalists refused to cross *the picket lines of strikers from* St. James Press, a Macmillan subsidiary.

Fourteen people from St. James have been on strike for three weeks because of the sacking of 12 employees during redundancy talks. A spokesman claimed last night that the 120 *NUJ members at Macmillan had* respected the picket lines and that production of the magazines Nature and the Nursing Times would be affected.



APPOINTMENTS

# Executive post at Lloyds Bank

Mr. N. W. Jones, an assistant *chief general manager of LLOYDS* BANK, with special responsibilities for group co-ordination, has been appointed to the new post of deputy group chief executive. Mr. Jones is a director of Lloyds Bank California.

★

Mr. W. P. Sutton has been appointed managing director of CITIBANK NA in Ireland, from July 1. He succeeds vice-president Mr. R. J. Lillicotch, who will become head of the bank's correspondent banking department in the U.K. Mr. Lillicotch will also have line responsibility for Citibank (Channel Islands). Mr. John Bennett at present in the bank's National Banking Group in London, has been appointed managing director of Citibank (Channel Islands) in place of Mr. Stewart Wright who will join the bank's treasury group in London.

★

Mr. Neville S. Conrad has been appointed chairman of REGIONAL PROPERTIES to succeed the late Mr. Bernard Sutton.

★

Mr. S. A. Meacock and Mr. T. E. Leney have been appointed directors of DEVITT LANGTON AND DAWNAY DAY. Mr. C. E. de Rougemont has been made a director of Howson F. Devitt and Sons, and Mr. D. J. Horder, a *director of Howson Devitt (life* and Pension Brokers), members of the group.

★

Mr. R. A. Bourne and Sir William Young *have joined the* partnership of FIELDING NEWSON-SMITH AND CO., stockbrokers.

★

Mr. P. K. Schumann has been elected to the Board of LONDON MULTINATIONAL BANK and has been appointed executive director in charge of the investment banking department.

★

Mr. Byron Felter has been appointed managing director of QUAKER OATS and vice-president, international grocery products from August 1.

★

Mr. Charles L. Ball a director of Barclays Bank and Barclays Merchant Bank, has been appointed also a director of BARCLAYS BANK U.K. MANAGEMENT.

★

Mr. E. D. Sleeman has been appointed a part-time member of the YORKSHIRE ELECTRICITY BOARD from June 11 until December 31, 1977. Mr. Sleeman is secretary of the Yorkshire Association of Power Loom Overlookers, and the British Federa*tion of Textile Technicians.*

★

Mr. G. M. W. Oakley has been elected to membership of the STOCK EXCHANGE *and he will* remain with Margetts and Addenbrooke, stockbrokers, Birmingham, as an associate member.

★

Maj.-Gen. R. S. Broke has been appointed a director and chairman of WELLMAN BIBBY COMPANY *in place of Sir Peter G. Roberts, who remains a director.* Maj.-Gen. Broke is a director of Wellman Engineering Corporation, London.

★

Mr. K. B. Scattergood and Mr. R. A. Felthouse have been appointed to the Board of BURTON COIN MACHINES, a subsidiary of Associated Leisure.

★

Mr. Erwin M. Ganz, Mr. John Godwin *and Mr. Colin D.* Cookman have joined the Board of *RONSON PRODUCTS.*

★

Mr. Stanley Shepherd, formerly managing director of Europa Insurance and Europ Assistance, has resigned from the Board of J. PERRY AND CO. (HOLIDAY INSURANCES).

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

## After the Vikings, the robots

INTERNATIONAL marketing plans for a family of industrial robots are being set up by a Norwegian company, better known so far as the major Scandinavian bicycle producer.

Jonas Oglaend has used a high degree of automation in its own plants, doubling production with a constant labour force in the past six years, and is now applying what it has learned to build the Move-o-matic robot handlers.

Essentially designed to simplify the transfer of workpieces of virtually any shape or size, up to a maximum of 60 kilos, the family at the moment contains two machines — the Auto Mater and the Mini Mater.

Serving forge presses, automatic presses, welding gear etc., the units are intended to do repetitive work in a highly precise way, particularly in noisy or fume-laden environments.

The integrated circuits which make up the controllers for the robots have been chosen for their immunity to electrical noise and the command board is made up from a series of plug-in diodes giving a repertoire of 64 steps.

The slightest indication that the machine is not adhering strictly to the selected programme brings an immediate safety stop into play so that neither the robot nor the machines it is serving can be damaged inadvertently.

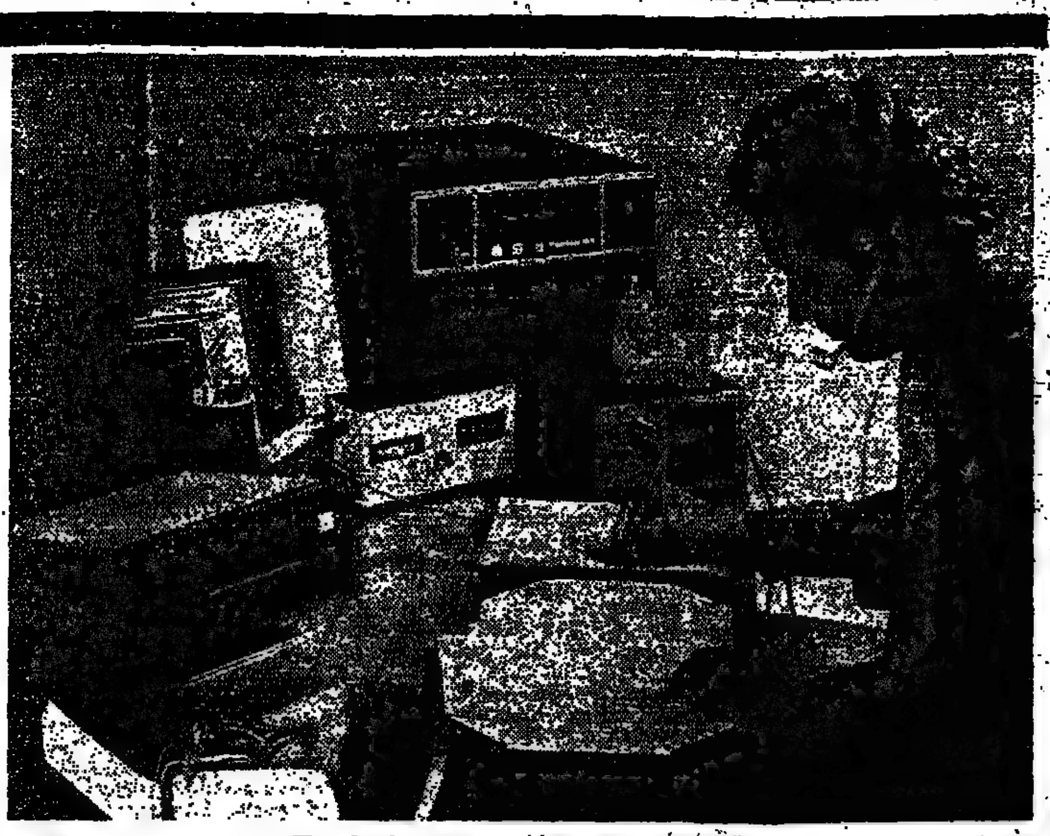
Interesting now that maintenance costs are so heavy is the fact that the operator himself can normally carry out maintenance or service.

Auto Mater is the heavy operator and has a repertoire of five movements which can be selected to work independently or in combination. Three are servo-controlled with hydraulic drive and two operate pneumatically with pre-set mechanical stops. At normal speeds, this unit would have a load capacity of 20 kg but can take 60 kg at reduced speed.

Mini Mater is for picking up and positioning light loads.

Either is easily installed and adaptation to fit particular plant problems is simple—the company provides a service to potential customers to advise them on how their manufacturing lines can best be reorganised to incorporate the robot handlers.

Marketing throughout western Europe is in the hands of ZF-Herion Systemtechnik, Postfach 2520, D-7990 Friedrichshafen 1, West Germany. Jonas Oglaend is at POB 115, N-4301, Sandnes, Norway.



An operator using the Threshold 500 processor in conjunction with a remote operator's console and a verification display. Voice input is via the head-mounted microphone.

PIONEER of a practical unit which can be taught to understand spoken instructions and carry out a series of information processing jobs, EMI has taken a major step further in making the use of computers commonplace, requiring no special training other than production of clear speech.

Many computer manufacturers are working on voice recognition techniques—IBM is spending millions of dollars on advanced research work in this area—but EMI is so far the only company which has gone to the stage of offering its expertise as a product for use by any industrial operator, following its first launch with what might be called an "interpreter" which can be interposed between the human operator and a standard computer.

Threshold 500 is a data entry station intended to replace or complement conventional intelligent display terminals. It is for use either with mini computers or with large machines.

Standard interfaces make the unit plug-compatible with almost any type of machine and EMI offers it for application in any situation where manually-operated data entry techniques cannot be used because the operator's hands—and probably eyes—are fully occupied. Minimum vocabulary is 32 words or short phrases to which the user adds what is required to carry out his tasks.

Single-unit price has been cut to £6,500 or half the cost of the VIP 100, with which EMI broke into the field, and of which over 100 have been installed.

One of the largest installations involving the VIP 100 has as many as 44 voice data entry stations, each one of which can be used by any one of 200 operators. It is up to three shifts a day and seven days a week.

The new unit has a radio microphone giving the operator a great deal more freedom to move around the installation. The speech processor measures only 49.5 x 13.3 x 66 cm., has a display and headset and can be used to recognise words in a series of languages from Punjabi to Japanese, irrespective of accent or speech defects and against the background of industrial noise.

Like its predecessor, once the basic vocabulary has been fed into the unit, it is ready for "training." This is done by the selected operator reading the words of the vocabulary into a noise-cancelling microphone, repeating the words five to ten times.

Repetition enables the unit to establish what is called an average voice pattern for each word which is then stored in a ROM memory against the vocabulary data.

In use, each operator calls up his or her voice pattern, which is identified by a control unit for speaker selection. As each word is spoken it appears on a display as an additional check. Instruction or control words include "go" or "erase," according to the need.

Further data on this exciting development from EMI Threshold, 135 Blyth Road, Hayes, Middx. UB3 1BP. (01-573 3888).



● COMPUTERS

## Watch for electronic crime

EMBEZZLEMENT by compute is making Government, busi nesses and banks more vulner able to large-scale fraud than a any time in the past, according t a compilation by a compute scientist working at Stanfor Research in the U.S.

Donn. B. Parker in "Crime b Computer" describes how a new generation of thieves ha siphoned millions of dollars of large organisations which depen on computers, who these thieves are, and how they can b stopped.

Parker has been working o case histories for several year and has looked into severa hundred instances of EDP fraud His findings contradict th soothing pronouncements of number of pundits who hav claimed that as computer opera tions turned more and more to wards data capture at the scene of action—transaction processin —there would be less occasio for fraud.

Unfortunately for the com puter-using community at large Parker's views are fully borne out by Ray Ellison of the National Computing Centre Speaking to the Data Processing Management Association at a recent meeting in London he reminded his audience that in 1974 over 300 computer-related frauds were reported in the U.S. But — incredibly — 85 per cent of these never resulted in criminal proceedings. Companies concerned took the "easy option" of sorting out their own internal security problems rather than face the damaging glare of publicity — and that focused on them at a time when the computer is being blamed for practically every crime in the book, including the unforgiveable one of charging $99999 for a $9 gas bill.

Ellison suggests that only one in five computer-assisted crimes are ever discovered. In 1974, banks in the U.S. identified 190m. dollars' worth of losses attributable to computer crooks.

But there is more to the problem than just fraud prevention. Every company manager involved should realise that staff with access to the computer can, if procedures are not tightly protected, take action that may come very close to wrecking the company—either because of dissatisfaction with working conditions or from more sinister motives. The anti-draft students' invasion of the Dow premises is a well-documented event. There have been others—as many as 400.

Further from DPMA at 01-638 7941.

● COMMUNICATIONS

## Facts on FAX

USERS, likely users, makers and suppliers of facsimile equipment and services should find valuable a research and development report on the subject compiled by The British Library.

Apart from reviewing the basic principles and recent developments in the subject the report contains a useful description of the market positions held by the main contenders in the U.K. namely Rank Xerox, Interscan-Dex, Muirhead, Cinotecle-Sranatron, Kalle Infotec and Plessey. The products of these companies are briefly described. There are also sections covering available Post Office facilities, applications and the prospects for facsimile in general communications.

The 43 page report is entitled "FAX—A Study of Principles and Prospects for Facsimile Transmission in the U.K." and is available at £2.50 from the publications department, The British Library lending division, Boston Spa, Wetherby, West Yorks LS23 7BQ (0937 843434).

● COMPONENTS

## Shows level of harmful liquids

WHEN a simple sight glass cannot be used on a storage tank because the liquid in it is flammable, toxic or corrosive, a magnetic follower-indicator from Krohne Measurement and Control should prove useful.

System BM26 will also be of value where the operating temperature and pressure are outside the range in which glass can be safely used. It resembles a sight glass except that metal or plastic is used in the construction.

A sealed chamber floats on the surface of the liquid in a guide tube and its position is indicated by a lightweight magnetic follower which is free to move up or down inside an hermetically sealed glass tube adjacent to the guide tube. The liquid is totally enclosed and the coupling between the process and the atmosphere is entirely magnetic.

The unit is manufactured in a variety of materials including stainless steel, plastic-lined stainless steel or plastic and it can be used in contact with the process liquids encountered in the chemical, oil, food, brewing and metal treatment industries. Levels up to three metres can be shown at ± 3 mm accuracy. More on 0604 499704.

● SAFETY

## Waste bin prevents fires

DESIGNED TO prevent spontaneous combustion starting fires in waste bins a self-extinguishing receptacle has been developed in the U.S.

Called the Flammex, it has a capacity of 215 litres, and is intended for industrial and commercial applications where there may be quantities of waste paper, as in computer rooms or supermarkets. It is made from 2mm. thick aluminium, and is used in conjunction with polyethylene bags.

To remove the bag the top half of the receptacle lifts off. Although the top has an opening to receive waste, combustion air cannot enter. An accessory is a four-castor dolly, which fits into the base of the bin and makes it simple to move.

Flammex is marketed in the U.K. by Molnar Machinery, 6 The Broadway, Woking, Surrey GU21 5AR (04862 64646).

● SECURITY

## Deters the forced entry

AN ELECTRICAL gate lock, weather resistant and of high strength for outdoor use has been introduced by Clarke Instruments, 91a High Street, Camberley, Surrey (0276 27046).

A locking bar of at least five tons sheer strength can be remotely withdrawn leaving the gate or door free to open. The unit, called Gatelock 849, is supplied with a fixed bolt guard plate. This can be welded on to the gate, or alternatively a mortice deadlock can be used, giving a key over-ride facility.

Positions of both bolt and locking bar are monitored by microswitches and signals showing their positions can be transmitted to the remote control point. If remote operation from this point has allowed the gate to open, its self-latching action will secure it again on closure, and again the microswitches will signal the fact. Price is £155.

● FARMING

## Fungicide sprayer

CAPABLE OF spraying 2 litres of fungicide over each ton of potatoes as these are elevated into store, a 100-litre rough terrain two-wheeled sprayer has been introduced by the Dorman Sprayer Company, Brays Lane, Ely, Cambs., CB7 4QL (0353 2833).

It has a two-cylinder piston diaphragm pump coupled to a single-phase 1 hp. electric motor, with a pressure control unit and unloader valve. A four-stroke petrol engine is available as an alternative power source.

Tank agitation is provided for uniform coverage of the potatoes from three lances, at elevator delivery rates from 3 tons/hr. to 20 tons/hr.

## Sheep dip mounted on a trailer

ORIGINATED by Mr. F. Brabyn of Longdon Manor Farm, and developed and produced by Brooker Engineering, Stratford, and Banbury Buildings, Leamington Spa, a mobile sheep dip is now available which can be operated by one man and makes economical use of chemicals.

Trailer-mounted, the dip needs a tractor or Land Rover with pto to power its water pump. Two men can assemble the dip in 20 minutes—then one man can dip sheep at a rate of between 60 and 100/hr.

First the tank which is 16 ft. 6 in. long and 4 ft. deep is off-loaded and levelled, then filled using the pump with 300 gallons of water (from a well, stream or tanker). A slatted access ramp is erected complete with hurdles to guide the sheep. The dip entry ramp is smooth, forcing the animals to slide into the liquid.

The drain ramp, formed on the trailer, has two pens which can be used alternately for 12 to 15 sheep each. Here the chemical runs off into a reclaimer tank from which it is filtered and returned to the dip tank, via the pump. When in use the unit is 50 ft. long.

Costing about £1,300, it is available from Longdon Manor, Shipston-on-Stour, Warwicks (060862 235).

● PROCESSING

## Reclaiming foundry sand

BAKER PERKINS, in collaboration with Midac Dust Control (a Carter Industrial Products company), has developed a sand reclamation unit for foundry use.

Midac was primarily responsible for the pneumatic conveying section of the unit which comprises a cyclone, reverse jet filter, centrifugal fan, and sound attenuator. These components are linked by duct work, mounted on a base frame, then bolted on top of the sand reclamation unit.

Lumps of moulding sand are fed into the unit where they are crushed, screened, then transferred to a vibratory feeder. Remaining lumps are picked up by a nozzle and taken to the cyclone, which breaks the lumps and removes the dust from the sand. The units will handle over 5 tons of moulding sand/hour.

Details from Midac Dust Control, Bedford Road, Birmingham B11 1AY.

## Bent parts dried out faster

A RADIO frequency oven has been developed by Pye Thermal Bonders which will reduce the drying time of beech sections, after they have been steamed and bent, from about a day to about five minutes.

Frequently the steamed components are dealt with in batches in current practice: a number are bent to the desired shape using a hydraulic wood bender and clamped to that shape while drying in a heated room. Over 100 of the relatively expensive clamps can be in use.

Clamping band expenditure can be much reduced using the Pye oven, and if the shape of the component is to be changed expense of re-tooling is less. Since each component is in and out of the oven so quickly, only a few clamps are required. The operation becomes "flow," rather than "batch."

Pye states that its tests show that because it is possible to accurately control the moisture content during drying, the stability of the final shaped section is far higher. Due to the rapid drying the wood is unable to pick up moisture again as fast as with conventional methods. Main limitation is that the heating must not be so intense that the wood is damaged by internal steam pressure.

In a typical installation the wood can be 900 mm long with the shapes building up to a width of 300 mm and a thickness of 50 mm. With the version using a 12 kW generator, such a piece would have its water content reduced from 30 to 12 per cent. in 5.8 minutes.

The oven has internal dimensions of 960 x 960 x 525 mm and has a top extractor to remove steam. Available with 6 kW or 12 kW generators the system has push button controls locally or remotely, automatic resetting timer, display unit and current meters. A three phase supply is needed. More from Nuffield Road, Cambridge CB4 1TW (0223 69682).

● POWER

## Shows speed of air

INTENDED mainly for the measurement of air velocity associated with the construction industry, model AVI 30 from Channel Electronics (Sussex) is a portable instrument giving a quick and reliable reading.

Likely applications include the measurement of velocity at the inputs and outputs of grilles in air conditioning systems and checking exterior wind loads on buildings and structures.

The instrument uses a thermistor probe on a flying lead and has two ranges: 0 to 33 m/sec and 0 to 3 m/sec. Provision is made for connection to a chart recorder, but normal readings are made on a taut-band meter.

Measurements are 146 x 92 x 43 mm and the total weight with carrying case is 0.79 kg. More from Cradle Hill Industrial Estate, Seaford, Sussex BN25 3JE (0323 894961).

FINANCIAL TIMES REPORT
Wednesday June 16 1976

# LOCAL AUTHORITY FINANCE

**The report of the Layfield Committee has widened the debate about financial relations between local and central government. *But the decisive influence on the debate, and on the relationship itself, could come* from the pressure to restrain the growth of public expenditure.**

## Conflict of objectives

**By Colin Jones**

WHATEVER view one may hold about the Layfield report on local government finance, it *served one very useful purpose.* One may not be persuaded by the committee's argument that *there is a need to choose* between two possible sets of financial structure and accountability, one relatively "localist" and the other relatively "centralist," with the implication that the present part-localist, part-centralist system cannot be allowed to continue. Indeed, one suspects that the present system, or something very much like it, will be with us for some considerable time yet, despite what Layfield describes as its lack of clear accountability. But by placing its primary emphasis upon the need for a choice, the committee at least served to bring out the political dilemma underlying the present relationship between local and central government in this country.

*For very many years now this* relationship has been bedevilled by the pursuit of a variety of incompatible and virtually irreconcilable political objectives. There is, first of all, the desire to preserve and, at times, to promote a wide measure of decentralisation of governmental power. There is, secondly, the desire to maintain and, at times, to enforce some control on the growth of aggregate public spending and, accordingly, on that part of it which is undertaken by local authorities. And, thirdly, there *is the desire for a national say in the choice of priorities* between the major public spending programmes, *irrespective of the level of government at which those priorities are implemented.*

The degree of importance that we attach to each of these *objectives* has varied a good deal from time to time. It is probably true to say that everyone *is in favour of a healthy* and effective system of local democracy, not merely in order that those communal decisions which ought to be made locally are in fact made locally, but also because a powerful and responsible system of local government is an essential part of the complex system of political checks and balances which *is the hall-mark of a free* society. But, as the debate over Scottish and Welsh devolution *has demonstrated,* one cannot go very far down that road without *consciously having to decide to give considerably less weight* to the other two objectives and, at the present time particularly, the politicians at Westminster are most unlikely to want to make that conscious choice.

It is of course possible to argue either way on the question whether the public expects to see priorities in public spending decided at the centre because the politicians have led them to believe that is where *the choice should be made* or whether, on the other hand, the politicians have been making *these choices because of pressure from sections of the public.* On the one hand, one can regret *the growing uniformity* and the diminishing opportunity for local experimentation and *variety in the development of local services.* On the other, one has to acknowldge that a good deal of the development of local services over the past hundred years has stemmed from the initiatives of the legislators at Westminster.

*What one is unable to gainsay,* however, is the desire for a system of control on public *expenditure and, with it, on* aggregate local expenditure. Nowadays one may be inclined *to forget the epochal importance* of the government's assumption of responsibility for demand *management which was contained in the Coalition Government's White Paper on Full Employment in 1944. In the* decades before the Second World War it was as inconceivable that the government should be responsible for overseeing the performance of the economy as it has been inconceivable since then that the *government should not be so* responsible. One may question whether governments since 1944 *have done the job particularly well, and whether they are particularly well equipped to do it. One cannot question the now* ingrained belief, by politicians and public alike, that the government has the responsibility.

It is sometimes claimed that it does not matter if local authorities should choose to exercise their discretion to spend more than the yardsticks laid down by central government in the rate support grant settlement provided the excess *is fully met from extra local* taxation. Unfortunately, it does matter—for three reasons. One *is an increase in the local rate* call beyond the level assumed in the grant calculations may reduce private savings as well as private consumption with the result that the total demand on resources from the public and private sectors together will be greater than had been assumed. Secondly, spending by local authorities beyond the grant assumptions implies a reduced share either for the rest of the public sector or for private *consumption if the resources* needed for exports and investment are not to be sacrificed. *Thirdly, to the extent that the* burden of higher rate calls falls on private consumption it is likely to lead to pressures for further increases in income to make good the erosion of living standards and these pressures are likely to exacerbate the problem of inflation.

### Penalty

This is why, incidentally, Layfield's suggestion for meeting central government's concern about aggregate local spending by introducing a form of regulator on the local tax yield is unlikely to appeal to Whitehall. If an authority were to choose to spend more than the norm it would have to increase its tax yield not only to finance the excess but also to pay a "penalty" to the national exchequer. The prospect of such a penalty might act as a deterrent, but if it failed to deter then the penalty would compound the problem from a demand management point of view.

The desire to maintain a strong central influence over the growth of aggregate local spending is likely to increase as time goes on and as local spending absorbs a bigger and bigger share of the national income. The increase in the local government share hitherto is understandable. As industrial societies become more affluent, they tend to spend proportionately more on services as distinct from goods and proportionately more of those services tend to be the services which—in many countries besides the U.K.—are provided by local government.

But there has to be some limit both on the pace of the growth in local spending's share of the national income and on its eventual size. In the first *50 years of this century* the share, including transfer payments, virtually doubled from about 5 per cent. *to about 9-10* per cent. In the subsequent 25 years, it has virtually doubled again to about 18-19 per cent. Whereas at one time local spending was growing only slightly faster than the national income, in recent years it has been growing two or three times as fast.

Certainly, the immediate prospect for the next few years is one of virtually no real growth—and therefore a slight reduction in local government's percentage share of the national income. Indeed, the last Public Expenditure White Paper showed that the Government was *already reckoning on a* very slight real reduction (of about 0.2 per cent.) in local current expenditure—that is before loan charges and rate *fund contributions to housing* revenue account and to capital expenditure—in 1977-78 and a further 0.8 per cent. real reduction in 1978-79. If the balance of payments and industrial investment improve more quickly than was assumed at the time of the White Paper, as now seems distinctly possible, then in order to avoid over-heating the Government will have to rein back even harder on the planned level of aggregate public spending during those two years.

Hence the Ministerial dismay when the joint CIPFA-DoE return last month indicated that *local current spending this year* may exceed the guidelines laid down at the time of the last rate *support grant settlement.* One can of course question whether the figures thrown up by this *return should be taken at their* face value—there are all sorts of reasons to doubt whether the figures reflect the present intentions of the 455 local authorities in England and Wales. But the same return gave strong grounds for suspecting that local current spending in 1975-76 exceeded the figures that had been assumed last November by up to 1-2 per cent. and the general expectation seems to be that the next CIPFA-DoE return in mid-July is likely to reveal an additional 1-2 per cent. over-run in the current year.

*In other words, if the guide*lines for next year—1977-78—are adhered to by the Government. *the grant calculation next* November will assume that local real spending will be cut back not *only* by the amount foreshadowed in last February's Public Expenditure White Paper but also by the extent of this year's and last year's cumulative over-run.

Some local authority leaders may privately doubt whether Ministers will face up to this prospect when the time comes. For in effect it means choosing between sanctioning an increase in local current spending beyond the present PESC forecasts (albeit with some off-setting cutback in capital spending along the lines adopted in the last rate support grant settlement), or accepting the prospect of a politically awkward increase in local rate calls next year, or facing up to the even more daunting political prospect *of widespread redundan*cies among local authority staff.

### Pressure

One would not like to have to put a bet *on the eventual out*come. But if one had to there may be a case for asking about *the odds being quoted against* the last of these choices. As things look now, the Government *could be under heavy* pressure by next winter to cut back on its overall borrowing *requirement to make room for* the recovery in exports and home demand and to keep the *money supply under* control. And by the same token the outlook for employment generally *could by then look* much more promising than at any other time in the past two years.

*Mr.* Peter Shore, the *Environ*ment Secretary, went out of his way to emphasise these wider considerations at his meeting with representatives of Labour-controlled councils last weekend. Whatever the reasons for the budgeted overspend this year, the Government cannot allow it, Mr. Shore said, "because it would imperil our *carefully judged economic* strategy as well as cast doubt both at home and abroad on our management of the economy."

It is of course not easy for individual authorities to translate the overall figures set out in the rate support grant settlement (let alone those in the annual Public Expenditure White Paper) into terms which are *directly applicable to their* own circumstances. Departmental circulars may give *guidance about the implications* for individual services and, in *the latest circular, about the* total "permitted" increase in cash terms (assuming an overall *standstill in real terms and* a year-on-year *rate of* inflation of about 11 per cent.). But *demographic* changes, the revenue implications of past capital expenditure, and differences in cost structure can lead to considerable local variations from the national norm

It is also true that in its present form the rate support grant system cannot be made to *discriminate with sufficient* precision between the "underspenders" and the "*over*spenders." *Indeed, because of* the open-ended nature of the resources element of the grant, *the system currently works in* the opposite direction. The overspenders will receive extra resources grant and when the excess is subsequently docked from the national aggregate—as will assuredly happen this year—the penalty is visited upon overspenders and underspenders alike.

This particular defect may be made good one day by the adoption of a "unitary grant" in place of the present grant *system. This concept, which* was developed by the DoE in its evidence to Layfield and which won that committee's blessing, is described in more detail in a subsequent article.

At this stage the important consideration is not to let one's assessment of the Government's intentions be complicated by matters like the lack of a local government input into the PESC system or the defects in the present grant mechanism, which are essentially side issues. For on Sunday Mr. Peter Shore went on to warn his audience that local authorities cannot let this year's apparent overspend happen any more than the Government could "because, if it did, the consequences for local democracy would be serious."

*This was only the latest of* several Ministerial warnings suggesting that, if forced into *it, the Government would be* prepared to abandon its attempt to reach a consensus with local authorities—through the *forum* of the Consultative Council—on the desirable level of their expenditure and introduce some form of direct, albeit temporary, control in its place. The trouble is that, while it would certainly be possible to devise and implement such controls and while they might be intended to be temporary, they might equally prove to be yet one more example of *rien ne dure comme le provisoire.*

# Examining the priorities

THE LAYFIELD committee on local government finance put forward a host of important recommendations in its report last month which it claims need not necessarily be affected by the fate of the committee's major conclusion. This was the need for the politicians at Westminster to choose between on the one hand a relatively "centralist" structure of local finance and on the other a relatively "localist" financial structure with its concommitant of a wider local tax base including, possibly, an administratively costly system of locally-determined income-tax surcharges.

On the central issue the sceptic may feel that he is as likely to see the Government announcing to Parliament that it is prepared to relax its present detailed oversight over local authority spending, notwithstanding the critical need for restraint in public spending, as he is to see the Government asking Parliament for powers to limit even further the scope for autonomy in local decision taking, notwithstanding all the present talk about devolution.

Despite Layfield's implicit assumption that the present system cannot be allowed to continue, the sceptic would therefore probably prefer to place his money on the chances of the present system being continued for some considerable time yet, albeit subject to certain modifications.

## Preference

By the same token, the sceptic would suspect that the order in which Layfield's recommendations are taken up may reflect this preference for avoiding awkward choices. Those that have some utility for the Governments immediate purposes would be seized upon fairly readily while those that do not offer much immediate advantage would be left over for later consideration. On this basis, one can perhaps draw up a packing order of probabilities for Layfield recommendations.

In the first category there probably fall three major recommendations: the need for a forum in which the financial relationship between the Government and local authorities can be kept under continuous review; changes in the grant system including in particular the combining of the resources and needs element of the present grant system into a system of unitary grants; and an enhancement of the present system of district audits.

## Overtaken

On the first point—the need for a central/local government forum—the committee appeared to be somewhat overtaken by the developments which took place during its deliberations. The new Consultative Council of Ministers and local authority leaders for England and Wales (and the corresponding body for Scotland) does not precisely match the committee's specifications: it is chaired by the Environment Secretary rather than a Treasury Minister and there is still no focal point within Whitehall through which all contacts between central and local government are channelled.

But it is an innovation which owes a good deal of its inspiration to the committee's questioning in its early months and it is a development which could be carried further. Already one can detect a more corporate approach within Whitehall to local government matters, which one can attribute to the Consultative Council existence. Already, too, one can detect some benefits from this attempt to contrive a consensus view about the level of local spending between the two tiers of government.

However strongly one may feel that local government should accept central government's view about overall economic priorities, one could never quite see before the Consultative Council was set up how local authorities were expected to interpret the outcome of each year's PESC review or how that review could be said to be thorough without local government having some opportunity to contribute its own particular input.

On the grant system the committee made several points. The most significant was its adoption of the idea of combining the present resources and needs element in a single unitary grant structure, an idea which originated within Whitehall and which was put forward as part of the DoE's evidence to the committee.

For local authorities, the attraction of the unitary grant concept lies in its ability to discriminate between those authorities which abide by central government's expenditure guidelines and those which choose not to do so.

For Ministers, the unitary grant has possibly even greater attractions. It avoids the open-ended nature of the present resources grant. Provided it is based upon the multiple regression analysis used for the present needs element — or something like it—it avoids Ministers being put in the position of having to take a view about individual authorities' needs service by service.

Above all, perhaps, at the present time, the unitary grant could offer substantial rewards for the under-spenders and impose substantial penalties on the over-spenders. As a lever over local spending a system of unitary grants [illegible] be both more selective an[illegible] [illegible]re effective. As an instrument of control, no more weight would need to be imposed upon it than it could reasonably be expected to bear.

The third recommendation by Layfield which is likely to have immediate appeal to Ministers was its idea of the district audit system being developed from its present somewhat narrow tradition into an altogether wider-ranging review of trends in local financial administration. Such a change would require more resources being devoted to the audit system; a broader training for district auditors, and perhaps a widening of their responsibilities so that they are formally required to report jointly to the local council and to the Secretary of State.

There is, however, a very obvious need for a systematic scrutiny of local authorities' financial performance, not merely to ensure that each item of spending has been duly authorised and is intra vires, but to check upon efficiency and value for money in the broader sense—and not only into such obvious areas as certain direct labour departments.

Local councils are after all spending almost a fifth of the national income on services that are neither commercial nor marketed. As Layfield itself pointed out, they are now deploying capital assets which in aggregate add up to a considerable slice of the national wealth. Not only the public generally, but also those who are involved in running local services, have increasingly felt the need for a source of dispassionate advice on comparative trends and performance.

## Sweeteners

An enhanced district audit system and the adoption of a system of unitary grants would not of course add up to a politically attractive package of local government finance reforms. There would have to be sweeteners for the wider public and for local government itself.

For the purposes of the first, Layfield's suggestion that payment of rates by instalments should become the normal method is an obvious candidate and so is Layfield's adoption of the idea of basing rateable values for domestic property upon capital values—a change which would undoubtedly make the rating system far more progressive in income distribution terms (though it is questionable whether every individual tax, as distinct from the totality of taxation and social security payments, should be progressive).

The appeal of a reform package would likewise be enhanced for local authorities if every authority were to receive its share of the grant direct, if changes in grant distribution were to be much smoother, and if the principle of regular revaluations (preferably, nowadays, at intervals of less than five years) were to be actually adhered to.

For the purposes of equity too, there would be a case fo[r] putting agricultural and crow[n] property on the same basis a[s] other property while clarit[y] would be served, though no[t] administrative convenience, [i]f precepting were to be replace[d] by direct billing. But at the en[d] of the day the final arbiter wil[l] probably not be consideration[s] of equity or what best suit[s] those who have the job of over[-]seeing and administering loca[l] services but straightforwar[d] political expediency.

**Colin Jone[s]**

# Support on the housing front limited

QUITE APART from their traditional role in the housing market—local authorities last year approved work to begin on 174,000 homes and completed 162,000 others—councils have also been edging their way slowly but surely into the private housing sector.

Not that their activities have yet stretched to building homes for private sale—though some authorities envisage such a development in the not too distant future with their own direct labour departments—but councils have recently stepped up their involvement in the supply of finance for home ownership.

Councils have been supplying mortgage finance for many years, but it was only relatively recently that they moved into the market in a big way. While in 1973 authorities lent only £133m. to owner occupiers, or 3 per cent. of the total mortgages granted that year, the figure had by 1974 risen to £455m. or 12 per cent. of all loans arranged. At the beginning of last year, local authorities were providing about 15 per cent. of mortgages and the picture of rapid expansion look set to grow even further.

But it was not to be. Central government, faced with the need to cut expenditure and reappraise the ways in which funds were being spent, decided to limit local authority mortgage lending in order to expand municipalisation programmes.

The announcement was made last May and the speed at which council mortgage activities had been moving was illustrated by the news that most authorities had by then already committed most of the funds earmarked for home loans — only two months into the financial year.

The result was inevitable. Those who had already arranged their loans from their local council were through the net, but many thousands of other potential home owners were told that lending programmes had been virtually suspended. The Greater London Council, for example, which in 1974-75 lent £95m. to 13,000 home buyers, has been restricted to £55m. in the current year, most of which had already been paid out or committed by the time of the Government's announcement.

While it would be unfair to suggest that building societies were pleased about the abrupt end to the growth in local authority mortgage business, there was certainly a feeling that perhaps councils should not have become so heavily involved in a market which had been traditionally served by others, namely themselves. There were certainly some society executives who had little sympathy for the council's dilemma, although they appreciated that it was the potential borrower who was actually going to suffer.

What they also appreciated almost at once was that they would be expected to step in and ensure that the drying up of mortgage funds from the public sector would be adequately offset by an expansion in their own lending programme.

The actual amount of money required to fill the breach—around £117m. in the last financial year—hardly presented any potential difficulties to a movement planning to lend £5bn. through normal channels, a figure which is set to rise by a further £1bn. this year. But societies at once made it clear that while they were prepared to find the cash they would not change the long-standing requirements upon which they insisted as the necessary prerequisite to a loan.

The formulae they have devised over the years to establish their worthiness of property and the ability of borrowers to meet their commitments have proved immensely successful and societies were understandably cautious about changing them.

## Helping

Local authorities, for the most part, have concentrated on helping those people who would not normally expect to obtain a mortgage from a building society. They lend, too, on the type of property which building societies can afford to avoid, usually pre-1919 housing.

At the same time the societies said that they were hard-pressed to meet demand from people who could easily meet all their normal requirements. They, nevertheless, said they would help, but the lengthy delays experienced in establishing a workable system can in part be attributed to the general reluctance which many societies felt.

It soon became clear, however, that in many cases local authorities had been lending to the type of people and on the type of property which societies would consider, making the chances of some sort of relief programme more easily acceptable.

As the Building Societies' Association recently pointed out, the vast majority of local authority loans go to first-time buyers and some 60 per cent. are on properties built before 1919. In the fourth quarter of 1975, however, the number of building society loans to first-time buyers rose by 9,000 and the number to the same category of buyers involving pre-1919 homes increased by 6,000.

Given that the total level of lending increased but little in the fourth quarter, these loans can be assumed to have gone to people who would have borrowed from local authorities had they been lending at the same rate as in the third quarter. Local authority loans in the last quarter of 1975 are thought to have fallen below 16,000 compared with 30,000 in the first two quarters of the year.

In the event, a scheme did evolve whereby societies undertook to try and help cases referred to them by local authorities short of money. It got off to a slow start and by the end of February last below 3,000 firm offers of advance had been made in England, worth some £18m.

Since then the building societies say the tempo has

CONTINUED ON NEXT PAGE

# Borrowing remains at a high level

BORROWING by local authorities has increased rapidly over the past few years to a level where it has major implications not only for councils and ratepayers but also for the spending and monetary policies of central Government. The loan debt of local authorities in England and Wales was equivalent to over £400 a head (according to figures from the Chartered Institute of Public Finance and Accountancy) though this covers wide variations with the highest figures for housing authorities, reflected in a figure of £700 a head in London.

*The total amount of loan debt* outstanding is now probably not far from £30bn.—the last officially available figure being £25bn. for March 1975. This total has risen sharply from around £14bn. at the beginning of the decade and £9.5bn. 10 years ago. Apart from the impact which this level of borrowing has on repayment patterns and finance charges—to be discussed below—it also has a significant effect on the public sector deficit.

In calendar 1975, borrowing by local authorities from financial institutions, the company and personal sectors and overseas directly accounted for £1.6bn. of the public sector borrowing requirement of £10.5bn., compared with figures of £2.1bn. out of £6.45bn. in 1974. In addition local authorities also borrowed from central Government, which is in effect equivalent to another slice of the borrowing requirement, adding up to total percentages of the Public Sector Borrowing Requirement of 53 per cent. and 27 per cent. respectively in the last two calendar years.

The build-up in local authority borrowing largely, though not entirely, reflects the parallel rise in councils' capital spending (in turn between 25 and 30 per cent. of total local authority expenditure). Borrowing accounts for about three-quarters of the capital needs of councils—the other sources being Government grants for 5 per cent. revenue with 10 per cent. and sales of capital assets another 10 per cent. However, the gross (rather than net) amount which local authorities borrow each year is larger than their capital spending. This is because a large part of local authorities' debt is initially raised for periods which are much shorter than the life of the related asset. So councils are continuing to raise money to refinance borrowings, in addition to any new demands.

**LOCAL AUTHORITY EXPENDITURE**
**ENGLAND AND WALES**
(£m at 1975 survey prices)

| | 1970-71 | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 | 1979-80 |
|---|---|---|---|---|---|---|---|
| *Current expenditure** | 5,531 | 7,662 | 7,770 | 7,782 | 7,765 | 7,720 | 7,760 |
| Capital expenditure | 3,331 | 3,911 | 3,257 | 2,889 | 2,736 | 2,631 | 2,580 |
| *Total* | 8,862 | 11,373 | 11,127 | 10,671 | 10,501 | 10,351 | 10,340 |

* As calculated for the annual public expenditure survey: relevant expenditure for rate support grant includes loan charges, revenue contributions to capital expenditure, and certain housing subsidiaries.

## Unknown

The main source of loans for councils is the Public Works Loan Board—accounting for slightly over 40 per cent. of outstanding debt in recent years—which is a statutory authority making loans from funds authorised by Parliament. Local authorities are allowed to borrow as of right an annual quota based on estimated capital spending and refinancing needs with variations between development areas and the rest of the country. Loans are a minimum period of 10 years and repayment is by instalments.

Quota loans are at rates of interest marginally above the cost of the Government's borrowings. Apart from the general run of loans the Board is *also a lender of last resort* to local authorities which have shown that they are unable to *raise money, approved by official* loan sanction, in the market. In addition, over the last year, *local authorities have also been* able to obtain further loans apart from those in the quota *without having to show that the* money cannot be raised in the market: though interest rates will be higher.

The domestic capital market also provides a wide range of money raising facilities via the stock and money markets which local authorities can tap. They include banks, insurance companies, building societies, pension funds, as well as private individuals. The type and amount which can be borrowed, is, of course, dictated to a considerable extent by market conditions.

Local authorities were, for example, able to attract large sums in yearling bonds during the *period* of particularly high interest rates of 1974. Conversely, councils were not able to raise *more than a negligible* sum from the market in the form of long-term listed securi*ties in that year. Conditions* changed radically, however, in 1975 and a number of large *local authorities came to the* stock market for five-year loans.

Overseas currency markets are also open to local authorities, subject to the consent of the Treasury — control is governed by balance of payments considerations. Moreover, consent for borrowing in foreign currency markets is limited to authorities or *groups* of councils with total outstanding loan debt of more than *£400m. Among the authorities* to have borrowed in this way are: Birmingham, Bristol, Coventry, Dundee, Edinburgh, Glasgow, Kent and Essex, Lanark, Lancashire, Liverpool, Corporation of London, Greater London Council, Manchester, Nottingham, and Teesside. Most of these loans are in U.S. dollars, though some are in Swiss francs, and most — with one or two notable exceptions —are covered against the fall in the value of sterling by the Treasury's exchange cover scheme.

In addition to these main sources of finance, local authorities can borrow on a short-term or temporary basis, though borrowing of less than a year is limited to 20 per cent. of total loan debt and money borrowed for less than three months must not exceed 15 per cent. of outstanding loan debt. Some authorities have been moving up towards this limit in the last few years, and combined with the impact of generally higher rates of interest the debt maturity pattern has altered to *increase the proportion of short* and medium term borrowings. Thus according to the Chartered Institute of Public Finance and Accountancy, debt of up to one year—including, of course, longer-term borrowings nearing maturity—has risen from 28 to 45 per cent. of the total since 1968, while debt of over 15 years has dropped from 28 to 6 per cent. of the total.

The shift in the debt profile has increased the amount of refinancing — at generally higher rates of interest—and indeed the average rate of interest being paid rose from 8 per cent. of outstanding debt in 1963-64 to 12 per cent. in 1973-1974. This is still equivalent to a *negative rate of interest in* real terms (after allowing for inflation).

## Concern

*The build-up in the level of* borrowing and of loan charges—themselves accounting for over a fifth of gross current spending, only partly offset by subsidies—is naturally a subject of serious concern to councils and was examined in considerable detail by the recent Layfield report. The committee was worried that the system might create a bias in favour of capital spending, and hence borrowing since local authorities have been able to acquire durable assets at a relatively low initial cost to local taxpayers, thus in effect imposing a large debt on future generations.

The committee believed that the current system of borrowing should be retained and rejected suggestions that loan debt should be written off or that the use of capital grants should be extended. Moreover, the Committee also recommended that local authorities should continue to be able to borrow from both the Public Works Loan Board and the market. It argued, however, that the *central Government* should have new means of control to enable it to influence both the *balance between investment* and consumption and the total amount of new investment financed from borrowing—in particular the refinancing requirement from the increasing proportion of temporary borrowing should be kept under review.

**Peter Riddell**

# Housing front

CONTINUED FROM PREVIOUS PAGE

increased considerably, resulting in a large volume of applications in the pipeline. One problem for the societies is that people who last year might have gone to a local authority for *help now go straight* to a building society, so they do not appear in any statistics put *together to show the progress* of the scheme.

There is, however, no doubt that building societies are in any case lending increasingly down market because the overall statistics show an increase in loans made on older properties which are structurally sound and in the proportion of mortgages going to the lower paid sectors of the community.

One of the major topics for discussion has been the possibility of local authority guarantees on building society mortgage advances, a method which it is hoped would calm the societies' fears over potential risk business and stimulate lending activity in the local authority. News that such a system would not be treated as a further increase in the public sector borrowing requirement *has kept talk of the proposals* alive and they might yet take effect.

## Statutory

Where the societies and the local authorities go from here remains unknown, although the future potential for co-operation is now the subject of discussions at Department of the Environment level.

Ministers have made no secret of the fact that they wish to see the societies continuing to help in an area which, for the foreseeable future at least, cannot expect too much assistance from local authorities. There is little doubt that societies will undertake to help out on at least the same scale as last year and possibly even further, yet without *having to change their long-*established guidelines.

If present Ministers have *their way, the co-operation* between the two sides will go a great deal further than house *mortgages, with societies pos*sibly being asked to help finance urban renewal schemes *via housing associations and* tenant co-operatives. For the local authorities, such pro*grammes would have obvious* and significant attractions, but the building societies, which *have their hands full with* traditional business opportunities, might take a little more convincing.

**Michael Cassell**

**LOCAL AUTHORITY REVENUE SPENDING: ENGLAND AND WALES**
(£m. at November, 1975 prices)

| | 1975-76 Planned[1] | 1975-76 Out-turn[2] | 1975-76 % inc. | 1976-77 Planned[1] | 1976-77 Out-turn[3] | 1976-77 % inc. |
|---|---|---|---|---|---|---|
| **Education** | | | | | | |
| Education | 4,680 | 4,674 | − 0.1 | 4,770 | 4,905 | + 3 |
| Libraries etc. | 151 | 160 | + 5.8 | 160 | 162 | + 1 |
| **Health and Social Security** | | | | | | |
| Personal Social Services | 747 | 778 | + 3.5 | 805 | 846 | + 5 |
| Port Health | 2 | 2 | −10.0 | 2 | — | — |
| **Home Office Services** | | | | | | |
| Police | 749 | 779 | + 4.0 | 799 | 838 | + 5 |
| Fire | 194 | 207 | + 6.5 | 204 | 212 | + 4 |
| Adm. of Justice | 76 | 82 | + 8.5 | 86 | 91 | + 6 |
| Urban programme | 19 | 19 | + 0.5 | 23 | — | — |
| Other | 18 | 20 | + 9.2 | 20 | — | — |
| **Local Transport** | | | | | | |
| Concessionary Fares | 46 | 66 | +41.7 | 62 | 83 | +34 |
| Revenue Support | 732 | 755 | − 2.3 | 133 | 206 | +55 |
| Other | | | | 563 | 601 | + 7 |
| **Environmental Services** | | | | | | |
| Refuse Collect.—Disp. | 252 | 272 | + 8.0 | 257 | 274 | + 7 |
| Leisure Services | 246 | 253 | + 2.7 | 239 | 242 | + 1 |
| Environmental Health | 115 | 141 | +22.8 | 135 | — | — |
| Planning | 103 | 123 | +19.4 | 125 | — | — |
| Consumer Protection | 19 | 19 | + 0.5 | 19 | — | — |
| Cemetaries etc. | 18 | 23 | +33.0 | 16 | — | — |
| Trading Services | 10 | 16 | +56.0 | 3 | — | — |
| General Administration | 221 | 220 | − 0.6 | 213 | — | — |
| Other | 121 | 143 | +17.8 | 128 | — | — |
| Housing | 28 | 34 | +18.9 | 30 | 28 | − 7 |
| Employment | 25 | 27 | + 8.5 | 28 | — | — |
| TOTAL CURRENT EXPENDITURE | 8,615 | 8,512 | + 2.3 | 8,821 | 9,238 | + 5 |
| Housing subsidiaries | 215 | 201 | − 6.5 | 169 | 277 | — |
| Revenue contri. to cap. exp. | 432 | 370 | −14.5 | 352 | — | — |
| Loan charges | 987 | 987 | − 0.1 | 1,120 | — | — |
| TOTAL RELEVANT EXPENDITURE | 10,250 | 10,369 | + 1.2 | 10,461 | — | — |

1. For rate support grant purposes.
2. As reported by local authorities in November 1975; subsequent returns indicate that total current expenditure in 1975-76 may have been 1-2 per cent. higher than estimated in November 1975.
3. As reported by local authorities in May 1976.

PARLIAMENT

# Metric plans face mauling in Lords

BY JOHN HUNT

THE GOVERNMENT'S plans for metrication had antagonised the consumer and could lead to confusion followed by resentment, **Lord Elton**, a Conservative front bench spokesman, warned in the Lords yesterday.

He was speaking on the second reading of the Weights and Measures (No. 2) Bill which gives the Government the power to enforce cut-off dates for Imperial measures in order to ensure that industry and retailing goes over to the metric system.

But **Lord Oram**, a Government spokesman on trade and prices, made it clear that there was no possibility of the Government climbing down on its metrication proposals. Already, he stressed, much of industry had gone metric and this was more and more reflected in consumer products.

"The metric system is in such widespread use in so many areas of our national life that it is totally unrealistic to suppose that it can be stemmed let alone turned back," he declared.

The legislation, in a slightly different form, was introduced in the Commons earlier in the year. But it was withdrawn before second reading because the hostility of Government backbenchers was so great that it would have been impossible to get it through the House.

As a result, the new Bill has now been introduced in the Upper House where it is likely to be heavily amended during the committee stage before being sent back to the Commons.

The measure was given a mixed reception by peers yesterday. It was apparent that there was a good deal of opposition to it on the Labour benches.

## Sensible

It did, however, receive the support of the Liberals. **Lord Avebury**, the Liberal peer, said that he was sorry that the Tories seemed so hostile to it. He thought it would benefit the consumer and provide an opportunity to introduce standardisation and thus promote economies of scale.

*Lord Shinwell*, the veteran Labour peer, asked Lord Elton whether the Tories intended to vote against the Bill in view of their many criticisms of it. If so, he said, they could rely on his against the legislation.

Lord Elton replied that he did not want to go quite as far as that at this stage. The Conservative peers would be looking at the Bill very carefully before committee stage with an eye to removing anomalies and making it more sensible. They would particularly want o ensure that no dictatorial powers were given to the Government and would need to be satisfied about any powers given to the inspectorate.

They would be particularly interested in any proposals to render more satisfactory the arrangements for transition to metric weights. At the moment, it was possible for a packet of tea to vary by half a gram in translating it to metric measure.

The Opposition view was that the Bill went some way to satisfy some sections of manufacturing and distribution. But it had exasperated some companies and went a long way to antagonising the consuming public. The Government had done less than it could to convince the purchasing public of the desirability of this piece of legislation.

"We don't welcome this Bill with enthusiasm," Lord Elton declared. "But we will at least endeavour to see that it leaves this House better than it enters it."

He also suggested that there should be some form of Government aid to help industry with the high cost of reequipment entailed in conversion. This, he said, was something for the Treasury to look into. A system of tax allowances or benefits could be made to coincide with any timetable of reequipment.

# No political pressure on sterling —Sheldon

NONE OF the major official holders of sterling played a predominant part in the recent pressure against the £ and there is no evidence to support the rumours of widespread market sales by Nigeria, **Mr. Robert Sheldon**, Financial Secretary to the Treasury stated in the Commons yesterday.

He was replying to **Mr. Ken Weetch** (Lab. Ipswich) who asked if there was any evidence that recent fluctuations in sterling had any connection with political and diplomatic factors.

Mr. Sheldon recalled the Chancellor's statement of June 7 that about a quarter of the fall in reserves in early March was attributable to reductions in the sterling balances held by overseas residents. These included private as well as a large number of official holders.

He had no evidence that political or diplomatic factors affected the movements of official or other sterling balances.

*Mr. Norman Tebbit* (C. Chingford) questioned the Minister about the total amount of loans, deposits and other transactions concerning which the Government had given undertakings, assurances or guarantees of the value of sterling against other currencies.

The Financial Secretary replied that the only guarantees that the Government had given were those for foreign currency borrowing by U.K. public sector bodies under the exchange cover scheme.

# Move on energy clause

THE GOVERNMENT will attempt to re-insert into the *Energy Bill* the power to control the price of oil products on a permanent basis, **Dr. Dickson Mabon**, Minister of State for Energy, told the Commons yesterday.

In April, the Opposition had heavily defeated the proposal in the *Lords* on the grounds that it would give the Government increased power over energy policy in a non-emergency situation.

The Bill, which originated in the Lords, was having its second reading in the Commons yesterday. It provides for energy conservation and control and allows the Secretary for Energy (Mr. Benn) to make orders controlling the production, supply, acquisition and use of crude petroleum, natural gas, petroleum products and electricity.

Dr. Mabon said the Government would want to re-insert the clause at committee stage. This was in the interests not only of private commercial and industrial consumers, but was also as an important reserve power for possible use in long-term energy policy.

He stresses, however, that the emergency powers would be available only when necessary and could be used only with the appropriate Parliamentary sanction.

No Government could afford to be without measures to deal with the energy crisis or with the need to ensure that the country's resources were used in the most sensible way.

Dr. Mabon came under attack from **Mr. John Biffen**, Tory energy spokesman, who said that the Bill incorporated very substantial powers which could be exercised by the executive without recourse to Parliament.

There was very great concern in the petro-chemical industry at these "rather daunting suggestions." Under the pretext of either an energy crisis or conservation, the Government would have tremendous authority to decide matters for the fuel industry.

Many feared that this would stultify the private sector and inhibit risk capital which was essential if we were going to have exploitation of further fuel resources.

# Drop new subsidies says Tory

*By Philip Rawstorne*

MRS. SALLY OPPENHEIM, Tory spokesman on prices, yesterday called on the Government to abandon proposals for another £600m. food subsidies and to make sweeping relaxations in the Price Code.

Such moves, she told a meeting at Sutton Park, Warwicks, would increase the cost of living by 2 per cent. at the most but would be offset by the boost to confidence and rise in sterling that would result.

"Both steps would be taken as a sign that the Government is prepared to cut spending and recognise the need for far greater profitability."

# MPs' register: Powell suspension threat looms

THE THREAT of suspension for Mr. Enoch Powell from the House of Commons because of his refusal to give information about his outside financial interests was made by a Select Committee of MPs yesterday.

The latest register of MPs' interests, first introduced last November, was published yesterday and Mr. Powell was again the only one of 635 MPs to decline to give any information.

The entry against the former Tory Minister, now United Ulster Unionist MP for South Down, reads: "The form for the registration of Interests has not been returned by Mr. Powell."

Published simuaneously was the report of a Select Committee appointed to deal with the register which recommends that the Commons should now approve a new Standing Order requiring MPs to register their interests. Refusal to do so then would result in suspension.

This, they believe, would be more satisfactory than regarding Mr. Powell's attitude as a contempt of the Commons. Suspension would preclude an MP from attending, speaking or voting in the Commons.

The view of Mr. Powell, who declined to comment on the Select Committee report last night, is that since the order setting up the register did not actually create any new law he did not regard it as binding.

The report will have to be debated by the Commons before any action is taken on the committee's recommendation.

# Amery lashes party leaders

BY PHILIP RAWSTORNE

FORMER TORY Minister Mr. Julian Amery yesterday bitterly attacked the party's leaders for their failure to vote against a Commons move to ban the recruitment of mercenaries in Britain.

"By their action, they have given the green light to the Communist Angolan authorities to go ahead with the judical murder of the British mercenaries now in the dock in Luanda," he declared.

Mr. Amery's outburst followed an unsuccessful attempt by Conservative backbenchers to block the introduction of a private member's Bill, sponsored by **Mr. Robert Hughes** (Lab. Aberdeen North) which would prohibit recruitment advertisements.

The Bill was given a first reading by 184 votes to 89, though it has little chance of becoming law.

Mr. Amery said that the failure of Mrs. Margaret Thatcher, Mr. Edward Heath and members of the shadow Cabinet to join backbenchers in voting against the Bill was a disgrace to the Conservative Party."

The situation would have been different if British mercenaries had not been on trial. "But people's lives are at stake. This failure to act strikes me as unforgiveable," he declared.

Mr. Hughes, introducing the Bill, had told the Commons that mercenaries were "*nothing more* than hired killers who murder to order for no other purpose than commercial gain." He called for a close examination of the role of the Press in the recruitment of mercenaries to serve in Angola.

From the Tory backbenches, **Mr. Eldon Griffiths** (Bury St. Edmunds) accused Mr. Hughes of "double standards." He told him: "By choosing this day of all days to mount your attack on mercenaries you may seriously have prejudiced the chances of a dozen or so of our fellow citizens on trial for their lives in Angola.

# Commons sits until 4.23 a.m.

AS THE MAJOR parties continued their non-cooperation war, Monday's Commons sitting lasted until 4.23 a.m. yesterday morning.

More than 300 MPs stayed at Westminster to vote on a compulsory purchase order for a Welsh industrial estate.

There had been rumours that the Tories could win the vote or run Government supporters very close. But at thet end of the debate there was a solid majority of 64 (191-127) for a motion to bar petitions to a Parliamentary committee against the order on an estate in Gwent.

LIBERAL CONTENDERS: JOHN PARDOE

# A natural belligerent comes out fighting

BY PHILIP RAWSTORNE

THE LIBERAL leader should be "a subversive not an ersatz Prime Minister. . . a revolutionary who would transform the political system, not seek to join it."

Mr. John Pardoe quotes the views with self-identifying approval. He came into politics out of anger over Suez; twenty years later he has lost none of his passion.

Now he enters the leadership election intent on persuading his party that its only hope of success lies through the turbulent drive that he can provide.

The Liberal faith needs an evangelical movement if its principles and policies are to be promoted to power, he believes. And, for six years, he has waited with growing impatience to lead it. "Perhaps that's arrogant—but never mind."

Pardoe pours scorn and derision on the ritualised democracy of the two-party sytem. "We must never clutch the cloak of establishment too close around us or warm ourselves too well in its folds," he says.

His iconoclasm causes shivers of apprehension in some sections of the party; a discomfort that finds no solace in his tendency to exaggerate effect at the expense of judgement.

But his sheer energy and enthusiasm warm many of the party's activists and could encourage another upswing of cycle of the party's fortunes since 1974.

Pardoe may represent a risk —but what can the Liberals achieve without taking one?

The party's road to power, he says, lies in first changing the system of Government. "We have allowed the method by which we govern ourselves to fossilise." The electoral system, Parliamentary procedures and the Civil Service bureaucracy require radical reform.

But, against the vested interests they represent, the Liberals could make no headway as a conventional political party. "We must break with the old politics and become a mass movement."

Terry Kirk

**Mr. John Pardoe: Pressing beliefs with a vengeance.**

Community politics in the real sense. "The Liberal Party is perhaps the only party in the history of the world to have sought political power in order to hand it back to the people," he says.

Having raised the sights s high, Pardoe feels that the lea that can be done is to make serious effort to attain the obje tive.

"What the party needs, abov all else, is to press its politic beliefs with a vengeance fro now on. It must come out figh ing."

A natural belligerant, Pardo intends to fight—stumping th country first for the leadershi and, hopefully, later at the hea of a rumbustious party cam paign.

And there is no doubt abo his ability at the hustings. won him—after some patie organisation—the North Cor wall seat in 1966 in a colourf campaign that is still vividl remembered in the West Cou try.

Pardoe, son of a solicitor, ma not have been born into politi but thrives in the element. Aft joining the Liberal Party, co verted from Labour by th Liberals' Europeanism, l worked for it for five years l a poorly-paid, junior post.

He fought Finchley in 196 halving Mrs. Margaret Thatcher majority in an intensive, almo single-handed fight.

More actively than any oth Liberal MP, he has been involve in the party outside Westminste He was elected treasurer in 19 and two years' later becam chairman of the standing com mittee responsible for the d velopment of party policy.

In that role, he has shown quick, original and open min extended by wide reading, match the sense of theatre, nu tured as a chorister and in unde graduate reviews and Methodi pulpits, he brings to the publ platform.

Some Liberals may be u nerved by his aggressive candou Others welcome its distincti contrast with past gentility. Wi Pardoe, life may be dangerou but no one is likely to mistak you for dead.

# Barnett promises safeguards on Revenue powers

FURTHER SAFEGUARDS were promised by the Government yesterday in the operation of the investigatory powers proposed for the Inland Revenue in the Finance Bill.

**Mr. Joel Barnett**, Chief Secretary to the Treasury, told the Commons Standing Committee on the Bill that in the case of a tax accountant convicted of a criminal offence in relation to taxes, the Bill proposed that a tax inspector would have to obtain permission from a Commissioner to get the documents he wished to see.

If the inspector had to obtain the consent of a circuit judge, the judge would have to satisfy himself that the documents were not for the whole of the firm's clients but for a specific case where the inspector suspected there had been an evasion.

Mr. Barnett said this would avoid placing too great a power in the hands of the inspector. He gave an undertaking to put down an amendment at the Bill's report stage.

Mr. Barnett was replying to an amendment moved by Mr. Peter Rees (C. Dover and Deal), who had expressed concern about the protection of professional privilege.

Mr. David Howell (C. Guildford), said the Opposition w concerned to protect the positi of clients who were not involv in a criminal case. The inspect might be dealing with "o rotten apple" in a very w known and well-established fir

Mr. Howell pointed out th clients unrelated to the ca could be dragged in, and impo tant relationships betwe clients and a solicitor, which, long custom had been protecte could be endangered.

Withdrawing his amendme Mr. Rees said he was not p suaded that a circuit jud would be able completely over-ride the opinion of an ov zealous inspector about t relevant documents he require

# Tory leader challenges again on spending

THE PRIME MINISTER was again challenged by Mrs. Margaret Thatcher, Opposition leader, in the Commons yesterday to say whether he intended to cut public expenditure in the next six months.

Mrs. Thatcher said that the "truth behind the latest loan was steadily filtering through."

She asked: "Do you intend doing anything in the next six months to reduce the Budget deficit which the Bank for International Settlements says is imperative if our economy is to properly recover."

Mr. Callaghan replied that it was not a loan but a standby credit "which can be used wholly, in part, or not at all, at the end of three or six months."

He said public expenditure fo 1977-78 was being reviewed b the Chancellor (Mr. Healey "through the public expenditu sector exercise." This would b carried out "in an orderly wa in the coming months and place before the House in due course."

Mrs. Thatcher again aske whether, in addition to pa restraint "there will be som movement on Budget restraint."

Mr. Callaghan: "I have neve ruled that out, as the Chancello has never done." It rathe depended on the rate at whic private investment "scoop into the available pool o savings."

But the Government did no want to create unemployment b cutting public expenditure at th moment.

# The Executive's World

EDITED BY JOHN ELLIOTT

**Arthur Smith** outlines how a footwear manufacturer aims to counteract foreign imports

## Shoemaker sizes up to imports

FOOTWEAR, one of Britain's traditional industries, has been squeezed more than most by recession and an upsurge of foreign imports in a way which illustrates problems faced by other key U.K. industries.

The problems confronting the industry are demonstrated dramatically by the Ward White Group, one of the nation's largest footwear manufacturers. Over the past two years this company's production capacity has been cut by a third and the labour force reduced from 7,000 to 5,000.

*Distribution — buying and selling shoes produced elsewhere—last year accounted for some £20m. of the £49m. turnover and is becoming more increasingly important.*

### Role to play

Mr. Philip Birch, the 53-year-old managing director of Ward White, is concerned that these problems are common to a wide sector of British industry and says: "Over the recent years the nation has increased its consumption of foreign-made manufactured goods with the result that our own manufacturing industry has declined." Stressing the importance to the country of a solid manufacturing base, he adds that the footwear industry, and his company in particular, has a role to play in restoring the situation.

Mr. Birch studied engineering at Liverpool Technical College, turned to accountancy, and then entered management with GEC, Plessey and Unilever before becoming a consultant for a leading firm of City accountants. In 1967 he moved into footwear as managing director of John White, a long-established company in Northamptonshire with a turnover of £4m. and a sizeable trading loss. By 1974, acquiring George Ward and the G. B. Britton "Tuf" group along the way, he had boosted turnover to nearly £50m. and profits to more than £3m.

But the new organisation approached its peak at a time when the footwear industry was moving towards recession under the twin pressures of a drop in the U.K. retail market and a sharp rise in foreign imports. For the first time in a career which had witnessed nothing but growth, Mr. Birch was forced to carry through a rationalisation programme which has cut manufacturing capacity by about one-third over the past two years. In 1975 alone, closures and redundancy payments cost £791,000 and more than 1,400 jobs were lost.

*Some rationalisation in the wake of the new acquisitions—perhaps a 15 per cent. cut in capacity—would have been necessary, but the plight of the* U.K. footwear industry made cuts that much deeper. Imports are taking an ever-growing share of the U.K.'s fairly static market for shoes, while exporters are unable to boost sales sufficiently to compensate.

Mr. Philip Birch, managing director of Ward White Group

The industry has focused attention upon low-priced imports from the developing nations and upon footwear from the East European block, allegedly dumped in this country at less than production cost. In recent years, too, the French, with a comparable economy, and the Italians have made great advances in the British market.

Many reasons have been advanced for the poor performance of the British industry—*out-dated production practices*, backward design, inefficient marketing and a slow response to fashion changes. These are *the sort of issues being considered* by a working party set up by the Government to investigate the industry and re*commend a programme of* action.

One of the factors Mr. Birch sees as a handicap to the home industry is a failure to maintain quality standards. He suggests, for example, that because the industry is so price-conscious, much of the better quality leather supplied by British tanners is sold overseas. He argues that the British industry must demonstrate that its products are better than those produced by the cheap import sources such as Spain, Portugal or Eastern Europe. In line with this philosophy, Ward White has tended to move up market and put the emphasis upon quality. At the same time a more selective approach has been adopted towards manufacture.

Crucial to this policy is the management structure, which Mr. Birch implemented upon acquisition of the George Ward organisation in 1972. The distribution and manufacturing functions are organised in separate divisions. In practice this means that a distribution company, like Britton, which holds the "Tuf" and "Gluv" brand names, can offer a full range of footwear but can buy in supplies from any company in the world. Thus the "Tuf" rubber and canvas leisure wear comes from Taiwan and the fell boots from Spain. Wherever a distribution company feels it can get required supplies at a better price outside the group, it is allowed to do so. In the same way, G. B. Britton, which manufactures men's and boys' footwear, can sell to whichever market appears best.

### Complete

"Our manufacturing divisions have to compete on their merits with the rest of the world. It is obviously not always popular with the executives who run those companies, but I am sure it is to the benefit of our competitiveness," Mr. Birch declares.

Under this policy some three-quarters of the group's manufacturing capacity in ladies' footwear has been closed, largely under the impact of imports, particularly sandals, from Italy. Production of men's cheap shoes has also been cut back because the group can meet much of its needs in that sector with imports from the East European countries. Growth will come from distribution and Mr. Birch suggests that the skills acquired by a manufacturer—close stock control, flexible response to the market, and good marketing—apply equally to distribution.

### Acquisition

One of the prime motives behind the highly-publicised *acquisition of G. B. Britton* was the desire the gain some distribution advantage, whether through a brand name or the *specialist wholesalers. Beyond* that, Britton offered something which Ward White did not possess—operating companies *outside the U.K. which could* provide a springboard to increased overseas trade. With companies operating in Holland, West Germany, Belgium, Denmark, Norway, Australia and New Zealand, a significant proportion of group turnover and profit is now generated overseas. Special attention is being paid to exporting to Europe the group's specialised products — sports shoes, safety footwear, and the Savile Row brand at the quality end of the men's market.

*Ward White, though it derives* from the traditional business set up by Mr. John White in a Northamptonshire village in *1919, is now far from traditional* in its approach. The original Mr. White would no doubt have been horrified at the suggestion that *British manufacturers* cannot compete with foreign producers. But Philip Birch, the professional manager of a dif*ferent era, looks forward to a* Ward White which will "continue its pattern of growth and become far more international in character." His success or otherwise will hold important lessons for the British footwear industry as a whole.

BUSINESS LAW

## Benelux moves on competition

BY A. H. HERMANN

THE DUTCH are taking their first cautious steps towards establishing both consumer protection legislation and more effective curbs on restrictive practices and abuses of market dominance. At the same time the Belgian Government appears to have decided that the introduction of mild anti-trust measures may be a preferable alternative to price controls. Luxembourg has already adopted competition legislation modelled on the EEC pattern but intends to enforce it gently.

British, German and U.S. companies will find it easy to adjust to whatever changes this new Benelux legislation will bring because they are used to stronger stuff at home. The changes may even ultimately benefit foreign medium and small-size companies interested in the Benelux market but hampered at present by the many cartels and other less formal restrictive practices used by Benelux traders.

Indeed, should the various legislative projects now being discussed become law, the Benelux business community would have to adopt a completely new outlook and cease regarding competition which results in both price cuts and a reduction in distribution stages as unfair.

Seen in a European context, the Benelux developments are a result of the same stresses and pressures generated elsewhere by inflation and by the slowing-down of economic growth. In all countries government are under pressure to eliminate unnecessary price increases. In countries with effective restrictive practices legislation, small- and medium-size firms want to be allowed a higher degree of co-operation in order to survive.

There are also demands for stricter merger controls and it is being argued that if the weaker firms are allowed to go under now, there will be no-one left to compete with large companies when economies recover.

In Benelux countries, however, the effect of these economic stresses is different *because Government* intervention in consumer affairs and restrictive practices has been virtually-non-existent. Business *life instead* is controlled by trade associations whose power is almost as great as that of mediaeval guilds. Trade unions *and the Left-wings of* Socialist parties consequently want to open up these closed rings to public control in the hope of securing a better deal for the consumer as well as for more basic political reasons.

Even consumer complaints are dealt with in Holland only within the confines of individual industries, which do, however, have consumer representatives sitting on complaints boards together with representatives of industry.

The first step taken in Holland towards consumer legislation was the passing of an Act which established certain consumer protection *for door*-to-door sales. Under this legislation there must be a written contract and the consumer can change his mind about a purchase within a "cooling-off period." The next step will be an Act against misleading advertising.

**Economic problems have led some countries to re-examine their policies on consumer protection and on restrictive practices**

However gentle this proposed legislation may seem to be, it is bound to come as a shock to many Dutch businessmen whose hostility to any public interference can be best illustrated by a court case started by *Niemeyer*, a large tobacco firm, which is now pending before the Appeal Court in Leenwarden.

A Government-appointed committee arrived at the conclusion that the method of indicating nicotine contents in cigarettes by the number of black dots printed on the cigarette is misleading the consumer. Though it did not name Niemeyer, which uses this method, the company felt that the publication of such a report could damage its sales and obtained a court injunction stopping the committee from publishing its report.

While the Dutch business federations dislike Government interference in consumer affairs, they are even more strongly opposed to a really effective regulation of restrictive practices. Like all small countries, both the Netherlands and Belgium see cartels as a useful means by which small and medium-sized companies can combine in order to compete with large concerns. One *consequence of the recession is* that such small and medium-size firms cling even more anxiously to the possibility of arranging cartels in order to protect their interest in a shrinking market.

In the *field of restrictive* practices legislation, the Netherlands is more advanced than Belgium. Pre-war legislation, which was designed *to protect* cartels, was replaced in 1958 by a Competition Act under which the Government received powers to control not *only* restrictive practices but also the abuse of market dominance.

A new restrictive practice Bill now being discussed would provide a general prohibition of retail price maintenance and of horizontal price agreements. Generous exemptions would be possible, however, particularly for cartels required by an industry to tide it over recession and or to facilitate restructuring. But the opposition to even this limited proposal has been so great that the Government decided to withdraw it *from Parliament* without letting it go to a vote. Discussions then took place at the end of April resulting in a *further weakening of the* plans to introduce a general prohibition of cartels. The Bill will now be amended to link *cartel control with the promo*tion of structural changes aimed at helping industry to fight recession.

In Belgium, which *is second* only to Italy in the permissive attitude to restrictive practices and *monopolies*, the Government has decided that it is wiser to invoke the examples of Germany where, as it claims, anti-trust measures made it possible to contain inflation without price control. The alternative, which it shunned, would have been to yield to demands for direct price controls. A draft Bill on competition is now being discussed with industry and the trade unions and the Government hope to have it passed by 1978—although some observers believe that it will take possibly two more years.

The proposals follow EEC competition rules fairly closely. Restrictive practices would be prohibited and companies in dominant positions would have to be registered. Abuses of dominance would be prosecuted. Large-scale mergers would need Government approval. Most important of all, the legislation would provide for *the establishment of an enforce*ment agency on the model of the German Federal Cartel Office, though tempered by *giving the Minister of Economy* powers to change or revoke any decision of the agency within 40 days.

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

### Non-residents' exemptions

**Many British funds listed in the FT Share Information Service are marked with a portcullis denoting that they are "tax-free to non-residents." Does this mean that each security so marked was issued by the Treasury on the terms that:**
**(a) the interest is not liable to U.K. income tax so long as the security is in the beneficial ownership of a person who is not ordinarily resident in the U.K. (TA1970, s.99);**
**(b) any capital gain on disposal is exempt from capital gains tax so long as the security is in the beneficial ownership of a person who is neither domiciled nor ordinarily resident in the U.K.;**
**(c) the security is excluded property for capital transfer tax purposes so long as it is in the beneficial ownership of a person who is neither domiciled nor ordinarily resident in the U.K. (FA1975 sch.7 para. 3); and**
**(d) the security is exempt from estate duty (if applicable) so long as it is in the beneficial ownership of a person who is neither domiciled nor ordinarily resident in the U.K. (F(2)A 1931 s.22)?**

The brief footnote to the FT Share Information Service pages is indeed intended to mean that each of the British Government Securities marked with a portcullis (a pair of double obeli) carries the exemptions outlined in your letter. Occasionally the symbol is misplaced (for example *Treasury 11¼ per cent 1981* was unmarked until recently), so the terms of issue should always be checked with the broker before a purchase is made. An example of the standard terms of issue in recent years may be found in the prospectus for Treasury 13 per cent. 1990 which appeared in the Financial Times on January 13 (the day you wrote to us).

Perhaps we should add a few minor comments on the four *exemptions listed in your letter:*

(a) Except for Victory 4 per cent. 1976 and War Loan 3½ per cent. (undated), which were issued before FA1940, S.60, the income tax exemption does not extend to securities connected with a U.K. trade, for example, a Lloyd's underwriter's reserve investments. The exemption may be restricted where the securities are sold ex-dividend, and may be negatived under TA 1970, S.329, inter alia.

(b) The exemption from CGT is implicit in the terms of issue (which refer to taxes present and future), and so the statutory authority is F(2)A 1915, S.47, of F(2)A 1931, S.22, according to the date of issue. At first, the Revenue took the view that the restrictions imposed under FA1940, S.60, on the income tax exemption carried implied restrictions on exemption from the charge to CGT under *FA1965, S.20(2)*, but this view was abandoned after a year or so.

(c) The CTT exemption is not restricted by the attribution of a notional U.K. domicile under FA1975, S.45 (see Sch.7, para. 3[3]).

(d) The estate duty exemption was adjusted by FA1951, S.34, and restricted by FA1966, S.41; both provisions are repealed by FA1975, Sch.13, part I.

### Agricultural Holdings Act

**We have read in the past from your columns that on the death of a tenant the freeholder can claim the tenancy of agricultural land. What is the position if the freeholder has never been notified of the tenant's death and some time after the expiry of the three year period learns that a son with another type of business occupation is farming the land?**

Subsection 24(2)(g) of the Agricultural Holdings Act 1948 does not appear to have been considered judicially in the light of the possibility that the landlord may not know of the tenant's death in time. This may be because a landlord would readily obtain consent from the Agricultural Lands Tribunal in such a case.

*

**No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.**

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WEDNESDAY, JUNE 16, 1976


# Stage Three and after

TO-DAY, IT can be expected with every confidence, the TUC Special Congress will endorse the income restraint proposals negotiated with the Chancellor, and one essential precondition for our recovery will be assured for the time being; but even before it is endorsed its architect, Mr. Jack Jones, has given a warning that there can be no third stage of this kind. The warning will sound discordant only to those who like to indulge in day-dreams: it is in fact a simple and necessary dose of realism. The extreme rigidity of the present 4½ per cent. deal is greater than the Government expected or wished, and that should perhaps have been warning enough. The Chancellor wanted a rather more flexible policy centred round a lower norm, but the TUC concluded that a centrally agreed wage bargain had to be simple and rigid. Rigidity increases strain, and that is why there can be no similar deal again. There must, says Mr. Jones, be an ordered move towards free bargaining.

### *Opportunity*

The difficulties of such a move are obvious; but provided that they are recognised in ample time—and a year will hardly be too long to tackle them — then the challenge could prove an opportunity rather than a threat. The realism and responsibility which has been shown by the TUC hardly needs underlining: how many people would have dared forecast at this time last year, when settlements were pushing past 30 per cent., and the then Prime Minister was unconcernedly eating strawberries, that in June 1976 the TUC would agree to an average wage increase of 4½ per cent.? All the same, realism has been bought at a cost.

The labour market has been distorted: anyone who believes that the economy can only thrive through the growth of new industries, new methods and new skills must acknowledge that the present suppression of incentives must be brought to an end. More immediately burdensome has been the cost in terms of Government policy. Mr. Healey came to office determined on sound fiscal policies and a free-for-all in wages, and wage restraint has only been bought by abandoning fiscal restraint. More freedom for the unions should also mean more freedom for the Government to pursue responsible policies, and high time too.

In the next year, in other words, we must prepare to put wage bargaining back where it belongs, in the workplace, and between employer and employee. Can that be achieved without abandoning sane restraint? Mr. Jones says that it can, provided that the transition is planned. He repeats the TUC's demand for progress with planning agreements.

Many employers may be tempted to regard this demand as provocative claptrap; but if it is translated into the objectives which the trade unions have at heart, it becomes more understandable. The unions have recognised that their success in their historic objective of enlarging the share of national income going to wages, at the expense of profits, has been pushed to the point of self-destruction. An unacknowledged purpose of wage restraint has been to permit industry to generate the cash for solvency and expansion. It is not surprising if they now demand some assurance that the funds made available as a result of wage restraint will be used for the expansion of earning power and job opportunities. The new President of the CBI, Lord Watkinson, seems already to have recognised this in some of his public speeches. If planning agreements — spelled without capital letters — meant plans discussed and agreed with employees, few enlightened employers would object to them.

### *Productivity*

What really needs to be discovered in the next year is how far there has been a genuine rebirth of economic sanity on both sides of the bargaining table. This may sound like the wildest wishful thinking, but there are signs of it, and not only at the national level.

Nothing could more effectively reinforce the dawning realism of our negotiators than a firm monetary policy as well. Given two years of wage restraint, and the curbing of public borrowing which now seems to be in contemplation, such a policy should be achievable without provoking still deeper recession: and unless the Government does return to realism, both in fiscal and monetary policy, no amount of realism at the bargaining table will avert disaster.

Private steel companies discuss before a Commons Committee to-day the competition with BSC for ferrous scrap. **Roy Hodson** reports.

# The modern heirs of Steptoe and Son


Terry Kirk
A paradise of scrap, but more than totters are needed.

WHO ever heard of a speculative futures trading market in the classic form to deal in old iron? The idea is being taken seriously in the United States. It may become possible there to have a flutter "on the margin" with possible price shifts for crushed and baled motor cars and discarded bedsteads.

An American futures market for scrap has been mooted by the U.S. Department of Commerce rather against the wishes of the scrap metal industry there. It is another manifestation of the growing importance of scrap metals, and in particular of ferrous scrap, to the economies of advanced industrial nations.

The U.S. Government sees such a market as a possible short-term method to remove a major uncertainty from the calculations of the steel mills which rely heavily upon scrap as the base material for their furnaces; and thus to inject a welcome stability into the prices that American manufacturing industry can expect to pay for steel supplies.

Any progress that the Americans make towards managing scrap prices without causing supplies to dry up will be watched with interest in Britain and Europe. For the problems are just the same on this side of the Atlantic. A new volatility has appeared in ferrous scrap prices during the last three years which is proving embarrassing to all trading in or using steel.

## New Market forces

For many years the price for heavy melting scrap—covering 60 per cent. of the ferrous scrap used in Britain—remained apparently immovable at £12 a ton. But by April 1973 it was clear that some new market forces were at work as the price crept up to £15 a ton. By 1974 it had soared to £36 a ton only to slump heavily to £23 during the industrial recession of 1975 when steelmaking fell to low levels. The market bounced back strongly this year. Scrap touched an all-time peak of between £42 and £45 a ton in April. That was enough to cause the British Steel Corporation, Britain's biggest user of ferrous scrap, to prepare contingency plans to introduce a surcharge on their steel prices if the price of scrap remained at such levels.

Since April the price has come down to about £36 to £38. The trade is breathing more easily with the demand for ferrous scrap reported to be healthy and supplies to be quite adequate. British Steel is having to increase steel prices for other reasons but has been able to drop the idea of a specific surcharge related to scrap prices.

It is generally agreed, however, that the present apparent stability is no more than a plateau in the trend for scrap to become more expensive. Significantly British Steel is keeping its surcharge scheme on ice so that it can be brought out at short notice if scrap prices rise sharply again. There is a general expectation indeed, within the steel industry and among scrap trades, that Britain, Europe, North America, and perhaps some other parts of the world are moving towards a state of permanent shortage of good quality ferrous scrap. Such a situation would have a special impact upon the system of scrap trading. The American novelty suggestion of a scrap futures market is an example of what might happen.

In theory such a cycle should be self-perpetuating with the aid of constant topping up by iron ore. In practice it can easily be thrown out of balance. There are four principal reasons why the scrap balance is precarious these days in Britain. Britain's great legacy of heavy industrial scrap dating to the Industrial Revolution is all but used up; scrap is getting much harder and more expensive to recover from modern usages of steel; British scrap is now part of the wider Common Market scrap system; the steel industry is becoming ever more hungry for scrap to suit its newer steelmaking methods.

The Victorians and Edwardians were great builders and fashioners of imposing and substantial works in iron and steel. The scrap industry has been feeding upon their ingenuity ever since. But now most of their legacy has been gathered in: their factories, many of their bridges and railways, their steamships, and the great battleships, have been cut up and fed back into the furnaces. The big scrap companies with ship-breaking divisions sigh for the days when warships and liners were available. A ray of hope for them is that they believe the shipping recession may put some of the early super-tankers into their hands before long.

The ways in which steel is being used, in modern society makes it ever more difficult to recover and recycle. To reclaim the scrap contained in, say, a refrigerator can be costly because plastics, other metals, and wiring have first to be separated. Public buildings now being demolished tend to hide the steel used in their construction under thick claddings of concrete and then the steel is the form of reinforcing bars and tensioning wires. There may be up to 10bn. tin cans used each year in Britain to-day and they add up to nearly 750,000 tons of metal — mostly steel, some aluminium, and a little tinplate. But less than 20 per cent. of that metal is being recovered because of the difficulty of properly re-cycling the contents of civic rubbish dumps.

For many years the British Government protected the country's scrap sources by a Scrap Agreement with the industry. It ran from the late 1930s to 1973. Under that agreement exports were permitted only when the home steel industry did not require the scrap.

Now there is free trade in scrap throughout the European Community and although there is no suggestion that it will result in a drain of scrap from Britain it has certainly removed protection from the British market and made the trade in Britain sensitive to movements on the Continent. Exports to non-EEC nations are still being strictly controlled, however. They have to be for Spain is heavily dependent upon imported scrap to feed its mills and could upset the British scrap balance if allowed to purchase freely in the British market.

Steel production in Britain has been running at around the 20m. tons a year level during the last year with BSC making 85 per cent. of the tonnage and the private sector companies the remainder. To produce some 17.5m. tons of steel BSC has bought 15m. tons of iron ore and 6m. tons of scrap while several more million tons of scrap have recirculated continually within its works. In contrast the private sector is almost wholly reliant upon scrap as the raw material for its production. To make almost 3m. tons of steel in the year the private companies have bought a slightly higher tonnage of scrap to feed their electric arc furnaces.

Clearly there will also be a long-term impact upon steel pricing and supplies. In turn that could influence manufacturing industry to turn to materials other than steel for products rith consequently wide effects upon the established structure of industry.

Steelmaking is a text-book example of production by continuous re-cycling. Throughout each stage of the process beyond the first of reducing virgin iron ore, a proportion of the iron or steel going through the plant becomes scrap and is fed back into the furnaces. After the steel leaves the steelworks it again generates scrap at each subsequent stage as it is fashioned into structures, capital equipment, or consumer goods. After years in use the same steel—or what is left of it after the depredations of corrosion—is salvaged, cleaned, and returned to the beginning to the steelmaking process to be melted for a further cycle.

### NEW PRIVATE SECTOR STEEL CAPACITY

| | Steel Making Capacity (Tons a Year) | Operational Date | Products |
|---|---|---|---|
| Sheerness Steel, Sheerness | 430,000 | 1972 | Bars |
| Lloyd-Cooper, Dudley | 80,000 | 1974 | Billets |
| British Reinforced Concrete Engineering, Birkenhead | 150,000 | 1975 | Bars and rods |
| Manchester Steel (Elken Spicervarket), Manchester | 130,000 | 1975 | Billets |
| GKN Rolled & Bright Steel, Cardiff | 400,000 | Est. late 1976 | Billets |
| Alphasteel, Newport, Mon. | 500,000 | Est. late 1976 | ? |
| Additional electric arc furnaces have been or are being installed at these existing works: | | | |
| Round Oak | 250,000 | | |
| Brown Bayley | 200,000 | | |
| Patent Shaft | 400,000 | | |
| Duport | 500,000 | | |

The total potential, increased scrap consumption at the new mills and existing works is c[illegible]m. tons a year.

The changing needs of steelmaking is perhaps the most important reason why scrap is likely to be in short supply in Britain. The philosophy of the British Steel Corporation is to develop integrated coastal steel plants based upon giant blast furnaces using imported ore. Their need for scrap is limited. But BSC has to purchase a great deal of scrap to feed its big electric arc furnaces in the Sheffield area. And the new steelmaking programme of the private sector British steel companies is heavily dependent upon scrap supplies being available at reasonable prices. The accompanying table shows how installation of new electric-arc steel furnaces by private companies in Britain is moving quickly ahead. The total extra scrap requirement for these capital developments could be an additional 2.5m. tons of good ferrous scrap a year within the next year or two.

Faced with the new high level of scrap prices, the steel companies have been thinking of ways of reducing their dependence upon scrap. The British Independent Steel Producers Association has considered helping into existence a consortium to run a direct reduction ore plant which would provide the electric arc furnaces with an alternative raw material to scrap. But the way things are moving it seems most likely that the private sector companies will continue to rely heavily upon scrap in the foreseeable future: perhaps using reduced ore to supplement their materials needs and as a weapon to restrain scrap prices.

It would be facile but untrue to suggest that ferrous scrap recovery in Britain, which is now a £400m. a year trade, has moved a long way from the image of the local totter. Collection of household scrap still starts with thousands of horse and cart concerns as immortalised by Steptoe and Son. A recent survey by Jordan Dataquest estimated the totters may handle 10 per cent. of all scrap. Once ferrous scrap is in the recovery system it is sold and re-sold and inevitably goes into the yards of the 650 members of the British Scrap Federation. Again, only the bigger companies have the plant to clean, sort and prepare the scrap in graded bales ready for the steel mills. At the top of the collection pyramid fewer than 20 companies led by Thos. W. Ward, United Scrap, Coopers, and 600 Metal Holdings, handle well over half the total trade in ferrous scrap.

The present home market for ferrous scrap is divided between the BSC, the private steel mills, and the iron foundries which require up to 4m. tons. That trade faces the prospect of being put under supply; and consequently price, pressures by the needs of the new steel mills. If all firm and rumoured plans for building ore reduction plants in Britain went ahead there would be a supply of about 1.5m. tons a year of directly reduced ore which can be regarded as replacing scrap. But the new mills will need up to 2.5m. tons of raw materials each year. Thus an extra 1m. tons of scrap will have to be found which is nearly 10 per cent. on top of the scrap industry's present total output.

## More active trade

To secure balance in the scrap market there will have to be more active importing and exporting with the other members of the EEC. A leaf might be taken from the Belgians' book. In supplying scrap to their large steel industry, and hampered by a small catchment area, they both import and export about 1m. tons a year.

The steel companies themselves can contribute towards a stable scrap market by careful purchasing policies involving continuing relationships with the scrap merchants. However, the British Steel Corporation's latest attempt in that direction by arranging a series of private contracts for scrap at undisclosed prices does not appear to have been the right answer. It may even have contributed to the rise in prices.

Scrap reclamation is one of the last remaining corners of business where a hard-working free-trader can make his million starting with a barrow. To recover the nation's scrap wealth successfully those entrepreneurial talents have to be harnessed.

# Race: the danger of 'benign neglect'

THERE is probably a greater danger of a spread of racial ill-feeling, with all its ugly consequences, in Britain to-day than at any time in the past decade. The reasons for this are clear. The propensity to exaggerate fears and tensions arising from the presence of a tiny non-white community in our midst has fed upon itself: at the same time the flames have been fanned by politicians who see profit for their own careers in such a policy. The recent incidents in parts of London, which the police say should be seen in the context of a far greater volume of violence not connected with race, have been presented—not least on television—as a form of racial confrontation, and it seems likely that this kind of report has a tendency to become a self-fulfilling prophecy.

### *Escalation*

Yet as the latest annual report of the Runnymede Trust makes clear, with the Government's new race relations legislation, "most people are likely to take the view that the law has been taken about as far as any law can reasonably go in providing a basic framework for safeguarding minority rights and guaranteeing access to equal opportunity." Sadly, there is more to it than that: the law may prevent people from acting in an overtly discriminatory manner, but so far it has been less than wholly successful in curbing the growth of racial ill-feeling in certain boroughs, let alone in preventing the escalation of inflammatory statements by some politicians. Most British people are decent enough in their instincts, but those who are not are more likely to behave according to their worst inclinations if they suspect that the country's leaders are half-hearted in opposing racialism.

It is indeed this that is the worst of the dangers of "benign neglect"—a phrase adopted by Runnymede from the U.S. where, under President Nixon, such a policy led to some reversal of the advances made by black Americans in the 1960's. There are, however, other dangers.

One is that the blurred perception of all non-white people as "immigrants" might persist. In fact immigration is now down to a trickle and likely to stay that way.

### *Government policies*

More fundamentally, "benign neglect" in Britain is really another name for fear. Some of our Government departments, particularly the Department of Employment, have led the way in trying to establish reasonable opportunities for non-whites. But there never has been a really concentrated Government programme, directed from a central source, to ensure that this 2.5 per cent. of our population is properly cared for and assimilated, so as to minimise the causes of tension.

Only a programme of that kind would really meet the needs of the present situation. It would be the opposite of neglect. The trouble is that governments of both parties have feared to grasp this nettle, while most trade union leaders have not persuaded their followers to put into practice the fine anti-racialist words spoken at the top levels in the TUC. The dangers will grow until there is such a change of emphasis in our political life.

# MEN AND MATTERS

## An appointment of interest

Apart from the civil service one can think of few areas where managerial hierarchy is more clearly defined than in the clearing banks. Thus the appointment of Norman Jones, 52, as deputy group chief executive of Lloyds Bank appears unremarkable since he began his banking career in 1940, achieved his first managerial appointment with Lloyds in 1955, and has subsequently worked his way up through the bank.

The real interest lies however in the implications of the appointment for the managerial structure of Lloyds. With its rapidly expanding international activities Lloyds appears to the outsider to have developed something of a parallel management system. Even insiders are not wholly certain of what is going on, and further appointments in the pipeline will have to emerge before things really settle down.

In July 1973 "Peter" Piper became Lloyds' first group chief executive, and was succeeded as chief general manager by John Montgomery. With the acquisition of Bank of London and South America (BOLSA) plus a Californian bank and one or two other international developments the way things worked out was that Montgomery managed the domestic banking side while Piper, although involved in overall group affairs, concentrated mainly on the international business.

It is a reasonable inference that the appointment of Jones puts him in line to succeed Piper—who is due to retire in three years if he follows the normal Lloyds principle of going at 60. Meanwhile, however, there is some confusion over the relative seniority of Jones and Montgomery.

The confusion seems to arise over a dual definition of the word "group" in the Lloyds vocabulary. It implies the normal definition of group responsibility but, at Lloyds, it also implies special concern with the developing international side. Currently it is estimated that the profit split is 70 per cent. domestic to 30 per cent. international, but the latter is growing fast.

"Who loves ya, baby!"

Hence only time will tell whether Jones, prior to his expected take-over from Piper, is deputy group chief executive in the normaly accepted sense, or in the special Lloyds sense. Certainly there is some rationalisation needed to clarify the longer term management structure, and as if this were not enough there is yet another issue to be resolved.

While Lloyds has merchant banking capabilities both internally and internationally it does not have the same clearly defined merchant banking arm which the other three big banks can boast. There is every likelihood that it will want to develop this function more formally in the future—thus adding another skein to the apparent management tangle.

## Risque

China's population is hovering near the 1bn. mark, and in such a controlled society, keeping the numbers within bounds is presumably counted an important national objective. What then should one make of a recent Sino-Scottish trade deal?

According to a report in the U.S. China Business Review, China is buying 15,000 pairs of antlers from Baxters of Speyside. It is not at all clear why the austere People's Republic has suddenly decided on such a consignment. (Also going out, for equally obscure reasons, is soup from the "more private parts of the stag," as the review puts it delicately.) Deer horn is traditionally regarded as an aphrodisiac and frequently forms an ingredient of medicine exported from China to Chinese communities abroad.

One of the elements in the latest round of ideological disputes in China concerns what should or should not be imported. Whether the horn counts as raw material or technological innovation, someone in China's ageing leadership seems to have decided that life isn't all work and slogans.

## Leyland's new sales pitch

You might think these grouses have a familiar ring: "Problems with pre-delivery inspection ... delivery delays ... lack of product information. . . ." It is British Leyland talking about itself, but not in relation to the car-buying public at large. The group is echoing complaints from its own employees who up to now have not shown overwhelming enthusiasm to buy their own company's products fresh from the assembly line.

To change that, Leyland is scrapping the system whereby its workers can buy new cars straight from the factory at discounts ranging from 16 to 20 per cent. depending on the employee's grade. In future, Leyland distributors (or at least those strategically sited near Leyland plants) will handle sales. The discounts will be unchanged. Even though the retailers' margins will thus be trimmed right back, they seem happy at the prospect of extra business.

Of Leyland's 150,000 employees, only about 5 per cent. buy new cars from the group, which produced a total of 369,000 cars for Britain last year. The company believes that among the disincentives of buying an ex-works car were the difficulty in getting distributors to handle warranty work and the need to put down the whole cost of the vehicle with the order.

Leyland, reckoning it is well behind competitors in this particular marketing field, can still claim that internal brand loyalty is strong. At least half its employees do drive Leyland cars though the vast majority buy them second-hand. Not quite what the group has in mind when it declares in a clarion call to the workforce this week: "Buy Leyland and support your company."

## Honesty

Trusting to fate for the future is quite usual; acknowledging its contribution in the past is not. But H. G. Cammell, president of Canada Northwest Land, tells shareholders of "a very successful and gratifying 12 months, due to the efforts of my fellow employees and a fair measure of luck."

**Observer**

Demands for "unitisation," liquidation or takeover have followed a rise in the discount of trust shares. **Christopher Hill reports**

# Investment trusts come under attack

IT IS NOT often that an important sector of the stock market reaches the point that terms like "antiquated" and "outmoded" are freely applied to it, but this now seems to be the case with investment trusts—which may be defined as companies with a fixed capital subscribed by shareholders which invest in stocks and shares. With over £6bn. of assets divided between 240 companies, the investment trust business amounts to around 5 per cent. in value of all quoted stocks in London, and has proud antecedents. These go back over 100 years when trusts were the pioneers of such projects as railroads in the U.S. *Even until 1972 the trusts were* an expanding force, with assets rising from £619m. in 1949 to £6bn. in 1971. But from 1973 their fortunes have declined and the average discount of the market value of trust shares on net asset value *has now risen* to the 35 per cent. level. Investment trust shares are said to be at a discount when their market price is below the net amount of the assets belonging to shareholders.

*As may be seen from the* table illustrating discount levels over the past six to seven years, discounts are no novelty to investment trust shares, but this year seems to be a real crisis point for the trusts. Geared by prior charge *loans and with an* average of 40 per cent. of their assets in overseas stocks (especially in the U.S.), they have normally expected to be favoured by investors both in bull markets and when sterling is under pressure. *In 1975-76* both of these situations have occurred, but trusts seem to have steadily lost ground with an overall widening of discounts. The result has been a reappraisal by the trusts—led by the Association of Investment Trust Companies—about why they should have fallen from favour, coupled with a growing demand by investors for something to be done about it. This has mostly taken the form of demands for either "unitsation," liquidation or takeovers of investment trusts—demands which have been for the most part resisted by trust companies. The question now is whether this resistance is justified or whether investment trusts can change their spots sufficiently to continue to fulfil a useful role.

## Asset values

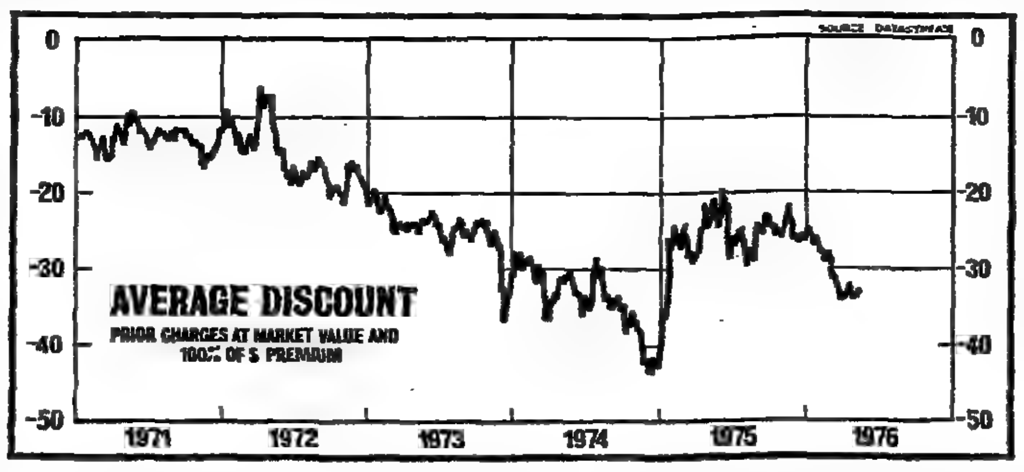
Since the main criticism of investment trusts is that their share valuation does not reflect the asset values of the portfolios, it is the discount aspect which needs explanation.

The most common accusation is that investors have lost confidence in investment trusts because the management of *companies — at one time* pioneering — has become sleepy and conservative, with boards of directors peopled by appointees who owe more to their prestige and influence than any real expertise. At the same time, it is argued, cross-holdings between investment trust companies in the same groups (exemplified by the Lowson trusts but not confined to them) have made most trusts secure from takeover threats, thus perpenating "oligarchic" control.

So investment trusts have developed a reputation for poor asset performance. A further problem is the fact that, riding on the crest of a wave in 1972, 40 new trust companies were launched, flooding the market with £500m. of new stock. No significant new issues have *taken place since then and the* over-supply caused by the 1972 issues is still widely put forward as the root cause of investment trust problems even by their keenest supporters. But the more vociferous critics point to other causes as well.

The most important of these is that one by one the props *supporting the concept* of a closed-end fund—when the share supply cannot be expanded or contracted to meet demand — have been whittled down. In particular the conflict *between the institutional* holders and the individual investors in investment trusts is cited. The former tend to want income and have gradually shifted from long-term holdings of investment trusts (to boost the foreign content of their portfolios) to self-investment overseas. The result is that institutional activity *in investment trusts has tended to* revolve around taking maximum advantage of the swings in the discount levels, *with a long-term* prosperity to dis-investment.

As for the individual shareholder, it is generally recog*nised that he is on his way out* as a main investment trust investor. Although 663,000 of shareholdings in investment trusts in 1974 were individually held out of a total of 757,000. These holdings accounted for only 40 per cent. of the shares. Some of the major groups admit that institutions hold shares in *their trusts up to the value of* 60 per cent. of the total and stockbrokers point to a steady stream of small sellers.

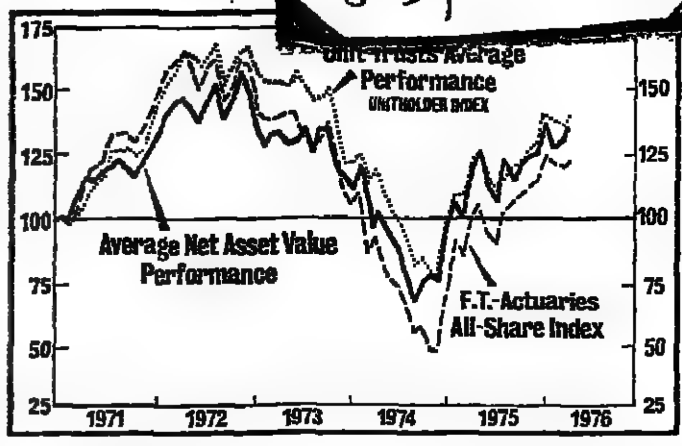



Professional advisers especially seem to have been gradually *won over to the concept of unit* trusts, property bonds and other open-ended funds during the past decade—partly because they receive commissions for selling units of open-end funds and partly because their clients have been increasingly exasperated by the wide discounts on their investment trust holdings which have cancelled out any asset performance. At one time a discount could be sold as an advantage—buying shares below their real value—but this argument no longer commands much respect.

Naturally the trust companies *do not accept all these argu*ments, especially the one about poor performance. While they generally admit that there are a few weaker companies and that far too many trusts had substantial losses on foreign currency loans in 1974, it is argued that net asset performance over the past decade compares with that *of unit trusts* and that over the past year it has been better. They also point out that investment trusts took an early lead in investing in the Japanese stock market—the *industry now has £250m. in* Japan — and has also been a major participant in North Sea oil exploration. So far £35m. has gone into oil consortia. But the widening of discounts has disguised most of the achievements on the performance front and the trusts also say that the 25 per cent. dollar premium surrender demanded on overseas switching has been a heavy burden. Of course it is the same for every institution with overseas investments, but the trusts have more than most.

So if one accepts that poor performance is not the root *cause of discounts, the problem* the trusts face is how either to shrink the supply of shares or to increase demand. On shrinkage a member of the Association of Investment Trust Companies estimated last week that £500m.-£700m. would need to be removed to bring the discount down to 10 per cent. But the *question is how to do it.*

The most favoured course recommended by outside commentators is "unitisation"—simply transforming an investment trust into a unit trust, thereby eliminating the discounts. *But trusts are generally* against this. They believe that institutional holders would not wish to hold units and a lot of the attraction would be removed if wholesale operations started to take place. This would be *because of the necessity to repay* prior charges at par, to adjust for the dollar premium surrender and to pay contingent Capital Gains Tax. There would also be the adverse effect on share prices of disposing of large lines of stock.




## Euthanasia

Similar arguments apply to outright liquidation which has also been recommended as a *course, but seems unpleasantly* like euthanasia to most trust company directors. But it looks as if there are going to be more unitisations and liquidations whatever the directors think, especially in the area of small trusts. The latter tend to have the worst discounts because they are usually attractive neither to the individual nor the institution. A recent exercise by stockbrokers Laing and Cruickshank to assess the effects of *unitisation and liquidation on* a variety of trusts also seems to indicate that in many cases the loss on the discount would not be as significant as is often suggested. This is especially the case for trusts with mainly U.K. holdings.

Another course which has been *discussed recently is for* trusts to be taken over by other institutions which might be eager for ready-made portfolios. But the takeover rules diminish the attraction and of course the trusts try to make them*selves as immune as possible* from takeovers.

Perhaps the most novel recent proposal is that either there should be some pool which could be used to iron out excessive discounts or that company regulations should be changed to enable investment trusts to buy in their own shares. This would require a change in the law but it has been pointed out that it seems to work in the case of the Dutch investment trust Robeco. However, "U.K." trusts already do this indirectly to some extent with cross-holdings and one wonders whether direct action would work out well in the case of 240 trusts or whether it would merely lead to accusations of market rigging. An important difference with Robeco is that a positive demand exists for its shares (including 40 per cent. foreign holders) and that for years it has been a net issuer of shares rather than a redeemer.

The more likely course of events in the near-term is that there will be some shrinkage of investment trusts through unitisation, liquidation and takeovers—and that the interest created by such activity will *itself help reduce discounts.* Then there is one other factor. Perhaps the biggest cross the trusts have had to bear in recent years is the lack-lustre performance of the U.S. market. If the latter were to make a sustained upward swing a lot of the current discussion about discounts might well become historic.

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The top investment trusts (with assets of over £50m.) in performance terms over the past five years are Scottish United, Drayton Premier, United British Securities, Drayton Consolidated, Scottish National, Investors Capital, Rothschild, Atlas Electric and General, Electra, Foreign and *Colonial and Investment Trust* Corporation, according to stockbrokers Wood Mackenzie and Co. This is to the end of 1975.

# Letters to the Editor

## British oil

*From Mr. J. G. Cluff*

Sir,—It is profoundly depressing to read (June 14) news of a submission by the British National Oil Corporation to the Secretary of State for Energy, as part of BNOC's contribution to the energy forum to be held on June 22, calling for yet more State control of British oil.

Is this what we really want? Quite apart from the presumably indisputable fact that it is inappropriate for a State concern to speculate with the public's money—particularly at this crucial stage in our history—what a tragedy it will be to risk, by continuing interference, losing the opportunity this country has at last to develop a massive, new and indigenous industry which it so desperately needs.

Tremendous initiative, capital and energy have now been invested in the North Sea by British companies big and small, explora*tion and servicing; companies* staffed by those who possess the inventive talent which is now our most vital resource and who *are striving to develop a tech*nology which will be in demand the world over for the next half century.

With a brand new technology waiting to be developed and with billions of barrels of oil on our doorstep what an opportunity *we have. And what are we hear*ing from BNOC—proposals which are impracticable at best, but more likely, I fear, potentially damaging to our prospects, our sense of purpose and our balance of payments. BNOC certainly has a role to play and the oil industry *after prolonged negotiations has* accepted it. Will it not be content?

In my own company we are hoping that the present Secretary of State for Energy with his well known belief in British technical capacity will emerge as the champion of the British companies, large and small, who clearly now have a unique chance to develop our own resources with our own expertise and then export that expertise for our general good. I hope that the Secretary of State will be both romantic and pragmatic in his reaction to BNOC's proposals and by rejecting further State encroachment will allow this nascent industry to develop rapidly and responsibly as it has demonstrated it has the ability and the will to do.

Algy Cluff,
Cluff Oil,
*58, St. James's Street, S.W.1.*

## Efficiency is complex

*From Mr. M. Barnato*

Sir,—The debate on productivity measurement between Mr. Hansard (June 11) and Mr. Wood (May 19) while interesting is incomplete.

Mr. Hansard (correctly) points out the danger of measuring efficiency in terms of labour productivity alone without taking into account capital inputs. Mr. *Wood (correctly) points out the* danger of measuring efficiency in terms of return on capital employed. A high return may, for example, stem from abuse of a monopoly position or it might reflect high efficiency in a risky situation; low profitability might be the result of difficult market and industrial conditions and not inefficiency. We should be care*ful not to fall into the fallacy* of extreme alternatives. Both measures have their uses but are misleading when utilised in a detached context.

It is not a question of looking just at one factor of production (i.e. single factor productivity) but at investigating output in relation to both capital and labour inputs i.e. total factor productivity. There are many problems in aggregating capital and labour inputs—one approach is to use value added calculations as developed by Mr. Wood. Although this depends upon assumptions that the prices paid for labour reflect its value (marginal product) for its validity is surely still a useful method of approach.

Two further factors should be borne in mind when efficiency is discussed. *First,* private efficiency may not equal social efficiency. For example, investment necessary from the community's point of view may be "inefficient" in the context of a private firm because of the risk involved or the capital requirements. Secondly, static concepts *of efficiency asking* "are the right resources in the right industries being produced at the right scale in a cost-effective manner?" are *only part of the picture.* In a dynamic and uncertain world questions of product innovation and variety of goods and services *are also potentially important.*

"Efficiency" is a simple everyday word but it is a complex multidimensional concept and neglect of this may mean that not only are our answers wrong but our questions are irrelevant.

Michael Barnato,
*Flat 1,*
*10, Abbey Gardens,*
*St. John's Wood, N.W.8.*

## Inflation accounting

*From Mr. R. Nightingale*

Sir,—I read with disappointment the letters of June 4 and 9 advocating the application of the cost of sales adjustment to net debtors as well as stocks. The principal danger resulting from such an amendment is that it would cause a company's profits to depend upon the means by which its stocks were financed, and would therefore destroy the comparability (over time and between companies) that is perhaps the major advantage of the current cost accounting system.

The argument that the adjustment would bring the financial statement closer to concepts of cash accounting is, on the face of it, a powerful one, but it is weakened by the fact that the residual that is proposed would satisfy no one. It falls a long way short of genuine cash accounting requirements and at the same time it fails to provide for supporters of the Sandilands ideals a measure of operational efficiency.

Perhaps the most interesting aspect of Mr. Gibb's letter June 9 was, however, the assertion that the application of Sandilands principles to Barclays Bank produces a financial statement which "clearly overstates profits." There was no expansion of the logic which underlies this statement, but it may very possibly have derived from the fact that, while Barclays CCA profits are seven times as large as those of GKN *and 12 times the size of those* of Tesco, all other objective measures of the size of these companies—and in particular the stock market's assessment—show that their values are substantially closer in magnitude. This is indeed an anomalous situation and deserves to be investigated, but it probably does not justify what seems to amount to an arbitrary downwards adjustment in the profits of financial companies.

A slightly more satisfactory *explanation of the relative* valuation of companies may emerge from a recent analysis by Hoare Govett of the financial performance of the corporate sector in the last 12 years. The exercise was based on Sandilands principles and recognised, therefore, that the total gain in a company's net worth during a particular period could be divided into a number of categories. The most important of the resulting gradations was the residual that arose from the P and L account, but this was not to say that the other categories of gain were without any significance at all.

Indeed it was the object of the analysis to estimate the relative weightings of each category of profit from a stock market point of view. The results of the work are still fairly tentative because they are based on data of questionable reliability, but within this proviso they do suggest that a weighted average of operating and holding gains provides an enormously better explanation of stock market indices than historical accounts profits, current purchasing power profits or CCA profits on their own.

What is perhaps of greater significance is that the same weightings go a long way to explain the relative valuation ac*corded to a variety of com*panies at a particular moment. As the table below shows, the substantially better operational *profit of Barclays relative to* Tesco and GKN is partially offset by its much weaker holding gains, and the resulting *weighted average gain is more* or less in line with the stock market valuation of these companies.

| | Barclays | GKN | Tesco |
|---|---|---|---|
| Operational Profit ...... | 120 | 18 | 10 |
| Holding Gains ...... | — | 110 | 18 |
| Weighted Average* ... | 120 | 73 | 19 |
| Market Value | 550 | 400 | 125 |
| Ratio of market value to weighted average ... | 4.6 | 5.5 | 6.6 |

* Operational profit plus 50 per cent of holding gains.

R. D. Nightingale,
*Hoare and Co Govett*
*Investment Research,*
*Atlas House, 1 King St, E.C.2.*

## Liberals as candidates

*From Mr. H. Wilson.*

Sir,—David Watt in his otherwise excellent article on electoral reform (June 11) is more than a little unfair to the Liberal Party when he refers to the "rag, tag and bobtail" which might have been elected in February 1974 if the Blake proposals had been in operation. I am sure that if the chances of more Liberals being elected had been good then more persons, including many of high calibre would have presented themselves for selection as Liberal candidates.

When one reads of the hundreds of applications for a safe Conservative seat then this must be so. *There is therefore no* danger of a dilution of quality if Liberals are represented in Parliament in a fair and equitable manner.

Henry A. V. Wilson.
*66, The Spinney,*
*Beaconsfield, Bucks.*

## Overdue debts

*From Mr. A. Darg.*

Sir,—Mr. Allen (June 9) and other credit managers may wish to comment before October 1 to *The Law Commission on its pro*visional recommendation that overdue debts should be subject to statutory interest (see Working Paper No. 68 from HMSO).

The new chairman of the In*stitute of Directors, Mr. Denys* Randolph, has called for organisations representing business interests to work more closely together. Why not, indeed, starting perhaps with this very issue, which would affect the credit terms for every commercial and professional transaction?

The framing of a new law would surely benefit from the collective view of those who would have to carry it out. So much the better, if, following the lead by ICI, the exercise caused other companies to take less credit.

The trouble with factoring, advocated by Mr. Forman (June 12), *is that to bring in a third* party must be inflationary. Also, it exploits the false assumption that "it is the duty of the creditor to seek out his debtor." Hence the case for legal reform.

A. A. Darg.
*25, Norfolk Road,*
*Edgbaston, Birmingham 15.*

## Bottles and cans

*From The Editor,*
*Food Manufacture.*

Sir,—Mr. R. H. Stothert (June 2) and Mr. M. Godfrey (June 9) are arguing at cross-purposes with Mr. V. Hender, managing director of United Glass, whose statement that it was cheaper to throw away a bottle rather than recycle it was quoted in Mr. Gooding's article (May 24).

*If my deductions are correct,* Mr. Hender had in mind bottles which are broken into cullet and blended with the raw material fed to the *glass furnaces.* The other *two gentlemen* have in mind bottles which come back empty from the customer, go to *the filling factory and are* repeatedly re-used. In the glass industry, recycled bottles are not the same as returnable bottles, and both *sides of the argument* have right on their side, but their premises are different.

Food, soft drinks and brewing companies want containers for their products which ideally provide the best protection, greatest sales appeal and lowest cost. It is not usual for all these factors to be present in the highest degree in any one type of container, and the best compromise *has to be worked out.* The last thing these companies want is to be caught in the crossfire between rival packaging interests.

Now of all times is it necessary for the various sectors of the packaging industry to be seen to be "behaving decently," even if commercial rivalry exists? As Mr. Gooding pointed out, unseemly squabbling could well lead to a tax on non-returnables: this would do no good to anybody and might well cause more waste of resources instead of less.

Anthony Woollen.
*30, Calderwood Street, S.E.18.*

## Reducing the amenities

*From Mr. H. Henry.*

Sir,—Observer in "Men and Matters" (June 14) wonders what examples there are other than the Trade Descriptions Act of well-intentioned legislation actually reducing the amenities available to the consumer they *are trying to protect. How about* 60 years of rent control legislation by way of a start, followed by the whole giant cancer of *town planning legislation?*

Harry Henry,
Harry Henry Associates,
*3, The Green, Esher, Surrey.*

# To-day's Events

GENERAL

Special Trades Union Congress on pay and the social contract, Central Hall, Westminster.

Prime Minister addresses Labour Women's conference, Folkestone.

Confederation of British Industry monthly council meeting.

Scottish National Union of Mineworkers' conference opens in Ayr.

PARLIAMENTARY BUSINESS

House of Commons: New Towns (Amendment) Bill. Armed Forces Bill, remaining stages.

Commons Select Committees. Expenditure (Trade and Industry Sub-committee). Subject: Public Expenditure on Chrysler (U.K.). Witnesses: Mr. Eric Varley, Secretary for Industry, and *officials of the DOI.* Nationalised Industries (Sub-committee B). Subject: British Steel Corporation. Witnesses: British Independent Steel Producers. Expenditure (Environment Sub-committee): Subject: Planning Procedure. Witnesses: Royal Town Planning Institute. European Secondary Legislation. Subject: Common Market for potatoes: sheepmeat regime. Expenditure (Social Services and Employment Sub-committee). Subject: Preventive Medicine.

House of Lords: Debates on the importance of the family, and on Government policy on legal aid and legal services.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (May). Monthly index of average earnings (April).

COMPANY RESULTS

CompAir (half-year). London Securities Investment Trust (full-year). Arthur Guinness Son and Co. (half-year). Chubb and Son (full-year). Dobson Park Industries (half-year).

*COMPANY MEETINGS*

British-Borneo Petroleum, Winchester House, E.C., 12. City of Oxford Investment Trust, 41, Bishopsgate, E.C., 11.30. Gill and Duffus, 9, Harp Lane, E.C., 12. Harrison (T. C.), Sheffield, 2.30. Hawker Siddeley, Dorchester Hotel, 12. Securities Trust of Scotland, Edinburgh, 12.30. Shiloh Spinners, Royton, 11.30. Spillers, Painters' Hall, E.C., 12. Summers (O.C.), Finchley, N., 12. Tartan McCaul, The Londoner, Welbeck Street, W., 10.30. Viking Resources Trust, Great Eastern Hotel, E.C., 12.30. Wire and Plastic Products, Folkestone, 3.

# COMPANY NEWS + COMMENT

## U.K. Optical up 25% to record £3.3m.

A RISE in pre-tax profit of 25 per cent. to a record £3,297,000 is announced by U.K. Optical and Industrial Holdings for the year ended March 31, 1976, after £1,419,000, compared with £1,009,000 in the first six months.

On enlarged capital, stated earnings per 25p share for the year are 13.7p, against 11.3p and, as per the one-for-four rights issue forecast, dividend total is 4.2p net (3.153p), with a final of 2.5p—Treasury consent has been obtained.

The opthalmic group contributed £2,781,000 (£2,157,000) to profit with the W. M. Still Group £516,000 (£473,000).

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Group sales | 28,052 | 24,001 |
| Ophthalmic group | 22,664 | 19,550 |
| W. M. Still | 5,388 | 4,451 |
| Profit before tax | 3,297 | 2,630 |
| Ophthalmic group | 2,781 | 2,157 |
| W. M. Still | 516 | 473 |
| Taxation | 1,553 | 1,358 |
| Net profit | 1,744 | 1,272 |
| Minorities | 7 | 7 |
| Dividends | 561 | 337 |
| Retained | 1,174 | 928 |

### ● comment

U.K. Optical is 25 per cent. ahead pre-tax. The Still group has had a flat second half and its contribution to total profits has eased a couple of points to around 15½ per cent. But the lens operations have stayed buoyant, with about a fifth of extra capacity coming into play in the second half, and end-year stocks are a fifth higher at £10.4m. This year Still has remained a weak market, but the opthalmic division is still busy and UKO's share of the U.K. lens market is now back up to 75 per cent. And the after a dull 1975-76 overseas operations are beginning to brighten. At 118p a yield of 5½ per cent. is covered 3.3 times by average capital earnings; while the balance sheet impact of last year's rights issue can be seen in year-end borrowings of £3.6m. net of cash—where they represent just under a third of shareholders' funds.

## HIGHLIGHTS

Profits at **London and Northern Group** are lower in the second half but the company is bullish about current-year prospects. **Williams Hudson** proposes to reduce the nominal value of its shares in order to clear the way for a rights issue. Lex also discusses the latest moves in the triangular bid saga involving **York Trailer, Anthony Carrimore** and **Edbro**. Elsewhere, **U.K. Optical** is some 25 per cent. ahead at the pre-tax level with the lens operations a notable sound feature. **WGI's** profits are 23 per cent. higher while the group also proposes a rights issue to raise £360,000. **Alpine Soft Drinks** was boosted by the fall in the sugar price and overall profits are up by more than 80 per cent., while **Sketchley** appears to have moved off its earnings plateau with a pre-tax growth of 21 per cent.

## £0.4m. rise at Alpine Drinks

REFLECTING continued growth in sales volume, taxable profit of **Alpine Soft Drinks** advanced from £0.5m. to a record £0.91m. during the 52 weeks ended March 27, 1976—at the trading level profit was up by 80.7 per cent. or £0.41m. and the directors say that, as well as the reported improvement in the first half, this also reflects the recovery of margins in the second half, compared with the previous comparable period.

When reporting first half pre-tax profit up from £0.34m. to £0.51m., a "satisfactory increase" was forecast for the year. Now, the directors indicate that for the current 12 months, another "satisfactory increase will be achieved."

The directors are recommending a one-for-one scrip issue.

Stated earnings per 10p share are up from 10.65p to 10.51p—the net final dividend is 4.0615p for a 6.0615p total (5.6p).

During the year a much more stable situation in the availability and price of raw materials, particularly sugar, applied.

The group is expanding the area of selling into the South East of England during the current year as well as continuing the expansion into Scotland and Wales. A factory has been acquired at Walthamstow and the directors anticipate that sales will commence in London in the late summer.

The total number of delivery rounds at March 27, 1976 was 291. They anticipate that this number will be in excess of 340 before the end of the current year.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Turnover | 6,989,309 | 4,667,347 |
| Profit before tax | 912,713 | 504,879 |
| Tax | 456,700 | 260,200 |
| Net profit | 456,013 | 244,679 |
| Extraord. debit* | — | 25,000 |
| Interim div. | 40,757 | 41,220 |
| Final | 94,932 | 88,848 |
| Retained | 314,504 | 89,621 |

* Net irrecoverable.

### ● comment

Profits improvement in the second half at **Alpine Soft Drinks** (up by 136 per cent.) was helped by the fall in the sugar price and the 1p price rise in July. Overall, volume was up by a fifth, with continued geographic expansion. This year there will be four new depots added, bringing the total to 28 against 22 just over a year ago. Penetration in the South East will bring national coverage and the new factory will bring production capacity up to a rate of just under 10m. bottles a month. Margins, however, could come under pressure if the sugar price is adjusted for the fall in Sterling, which is expected. Assuming that the commodity price itself remains stable during the year, there could be a profits rise to around £1.1m., where the prospective p/e is 3.7 at 135p (up 7p). The maximum yield is 7.9 per cent.

## Call for unitisation at Belgrave

Shareholders in **Belgrave Assets**, holding 10.2 per cent. of the equity, have succeeded in requisitioning an EGM to consider a resolution that the directors should prepare a scheme to reconstruct the company as a unit trust. The EGM has been convened for July 8.

The chairman, Mr. Peter Segal and his directors are opposed to the idea saying that they have considered the possibility of reconstruction as a unit trust but they assert that it has not been shown conclusively that investment trusts are out of step with present day circumstances.

As a result the directors feel that such a scheme would be inappropriate and intend to vote against the resolution in respect of beneficial holdings totalling about 28 per cent. Lothian Investment Trust, of which Mr. Segal is a director, also holds 13.5 per cent. of Belgrave.

## Fertleman increases to £0.5m.

SALES OF furniture manufacturers, B. Fertleman and Sons advanced from £3.21m. to £4.3m., and pre-tax profit expanded from £439,309 to £503,572 in the year to March 31, 1976, both records.

Earnings per share increased from 10.29p to 10.95p and the dividend is effectively raised from 1.0335p to 1.1368p gross with a final of 0.6368p.

Overseas sales accounted for 18 per cent. of the total turnover which is one of the highest percentage levels in the furniture industry, says the chairman, Mr. L. Fertleman.

The record profit was achieved despite the reduced margins incurred by the spiralling increase in imported raw material costs. The policy of maintaining competitive prices ensured a substantial increase in sales and the chairman is confident that this trend will continue.

Negotiations are in an advanced stage for additional production space which will contribute to maintaining the group's growth rate.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Group sales | 4,300,[illegible] | 3,[illegible] |
| Profit before tax | 503,572 | 439,309 |
| Taxation | 279,700 | 225,[illegible] |
| Net profit | 221,872 | 210,749 |
| Ordinary dividends | 15,115 | 15,902 |

### ● comment

Despite a 7 per cent. drop in second-half profits, Fertleman's shares closed 1p higher at 48p. The main reason for the second-half downturn was the sharp rise in material costs during the period, which combined with the effect of the sterling deterioration to put pre-tax margins under heavy pressure. This is continuing in the current year and, although demand is holding up reasonably well, lower interim profits seem a strong likelihood. The group is hoping to get back on the growth trend in the second half, when it will see the first benefits from the 50 per cent. expansion at M. P. Davis (this contributes 15 per cent to turnover, all of which is exported), and the liquidity position is still strong. Even so, the small yield of only 2.3 per cent., though covered 14¾ times, seems to place a serious limit on the upward potential of the shares.

## Sketchley advances to £1.96m.

AFTER INTEREST of £244,000 against £298,000 and depreciation of £1.01m. against £0.91m., pre-tax profits of Sketchley increased from £1.62m. to £1.96m. in the year to March 31, 1976 on sales up from £21.02m. to £24.89m.

At midway profits were £942,000 compared with £901,000.

Full year earnings are shown to have risen from 6.9p to 7.7p per 25p share and the dividend is lifted from 3.5p to the maximum permitted 3.81716p net with a final of 2.71716p.

All divisions traded profitably with the overall service division maintaining the progress made in recent years, say the directors.

Despite the long hot summer of 1975, the cleaning division had a satisfactory year without any significant drop in volume and the textile division did well to achieve a profit in a most difficult year for the industry.

Sales for the current year are on target and are running well ahead of same period last year, they add.

| | Years ended 31 March 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Sales | 24,882 | 21,018 |
| Trading profit | 2,205 | 1,918 |
| Interest | 244 | 298 |
| Profit before tax | 1,961 | 1,620 |
| Taxation | 999 | 877 |
| Net profit | 962 | 743 |
| Minorities | 1 | 13 |
| Extraord. debits | 72 | 88 |
| Attributable | 891 | 630 |
| Preference dividends | 8 | 8 |
| Interim Ordinary | 177 | 102 |
| Proposed final | 298 | 272 |
| Retained | 409 | 278 |

### ● comment

Sketchley has broken out of the profits plateau of the past three years, with a 21 per cent. increase pre-tax. However, adjusting for the £244,000 trading loss by Chell in 1974-75 and taking in a first time contribution (evidently small) from Quality Cleaners, the underlying rise is far less dramatic. Anyway, the results left the shares ½p lower at 64½p to yield 9½ per cent. covered twice. Volume at the cleaning division is down, and the profits contribution from textiles fell from £230,000 to £97,000. Cut-backs at the textile operations should help profitability by the closing half of this year, though the interim will bear redundancy and closure costs. Still the Overall division is still offering considerable growth prospects, but this is unlikely to check the anticipated flat interim figures. Meantime short-term borrowings are down by £0.8m to £1.1m, for total borrowings of around 52 per cent. of shareholders' funds against 73 per cent. for the previous year.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Alpine Soft Drinks | 4.06 | July 23 | 3.8 | 6.06 | 5.6 |
| Anglo American Gold int. | 90(b) | Aug. 6 | 110 | — | 260 |
| Berjuntai Tin ......2nd int. | 80(c) | July 23 | 110 | 150 | 200 |
| Bluemel Brothers ... int. | 1.23 | — | 1.23 | — | 3.04 |
| Blyvooruitzicht Gold | 30(b) | Aug. 4 | 50 | 75 | 100 |
| Chamberlain Phipps | 1.29 | Aug. 16 | 1.29 | 1.74 | 1.74 |
| Durban Roodepoort ...int. | Nil | — | 20(b) | — | 20 |
| East Rand Proprietary int. | 5(b) | Aug. 4 | 25 | — | 35 |
| Electric and General | 0.65 | — | 0.55 | 1.1 | 1.0 |
| B. Fertleman | 0.64(a) | — | 0.63* | 1.14 | 1.03* |
| London and Northern | 2.0 | Aug. 20 | 2.0 | 3.25 | 3.25 |
| N. M. C. Investments | 1.3 | July 9 | 1.3 | 1.3 | 1.3 |
| Shaw and Marvin | 0.5 | — | 0.35 | 0.5 | 0.35 |
| Sheffield Brick | 2.21 | — | 1.96 | 2.96 | 2.71 |
| Sketchley | 2.72 | July 27 | 2.5 | 3.82 | 3.5 |
| U.K. Optical | 2.5 | Aug. 12 | 2.15 | 4.2† | 3.15 |
| Wassall | Nil | — | 0.56 | 0.2 | 1.11 |
| Western Selection ......int. | 0.88 | July 9 | 0.88 | — | 1.8 |
| WGI | 2.3 | — | 2.02 | 3.12 | 2.86 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) South African cents. (c) Malaysian cents.

## WGI's peak £1.19m. and rights

TAXABLE profit of WGI expanded from £0.96m. to a record £1.19m. in the year ended March 31, 1976—at the halfway stage, with profits up from £0.54m. to £0.56m., the directors said they would be disappointed not to achieve profits comparable with the previous 12 months.

The company is engaged in mechanical, civil and process engineering and manufacturers refactory materials.

In order to continue the development of the group's potential, the directors propose a rights issue of 0.54m. Ordinary shares of 25p each at 80p per share, on the basis of one-fo-six, to raise about £0.38m. net of expenses.

Stated earnings per share are up from 27.7p to 33p; after tax they are ahead from 13.1p to 17.0p. Dividend total is up from 2.8386p to 3.11695p net, with a final of 2.30445p—for the current year the directors propose to pay 5.2p net on enlarged capital, for which Treasury consent has been obtained.

Referring to the proposed rights, the directors say that adequate funds should be available to finance expansion within existing companies and to take advantage of opportunities which occur for growth by way of acquisition—the purchase of Cox and Wright in December, 1975, being an example of the latter.

The recent low level of activity particularly in the civil engineering division has resulted in an increase in the group's cash balance, but an upturn of activity, and some is already being experienced, will absorb some working capital.

WGI, say the directors, has demonstrated during the past two years its ability to trade successfully in a period of general recession. A number of the group's companies have very impressive order books and they have every confidence in this year and in the future growth and prosperity of the group.

A provisional allotment letter will be despatched on June 18, 1976. Dealings in the new shares in nil paid form are due to commence on June 21.

The issue is being underwritten by S. G. Warburg and Co. Brokers are Henry Cooke, Lumsden and Co. and Panmure Gordon and Co.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Turnover | 17,252,269 | 17,107,897 |
| Trading profit | 1,220,634 | 1,110,660 |
| Interest † | 75,054 | 146,221 |
| Profit before tax | 1,186,000 | 964,439 |
| Tax | 532,481 | 503,545 |
| Net profit | 653,519 | 460,894 |
| Extraord. credits | 10,386 | [illegible] |
| Available | 643,903 | 371,640 |
| Dividends | 129,901 | 106,[illegible] |
| Forward | 2,564,202 | 1,847,138 |

* Debits. † Includes 172,069 (180,000) overseas charge and £61,231 (£28,370) credit from prior years.

As reported on June 2 pre-tax profit for 1975 was £262,805 (£258,993). On a CPP basis the net taxed profit is reduced from £126,000 historical to £56,000. The company is close.

Exports amounted to £846,637 (£436,320) comprising (in percentages) Africa 49 (32); Middle and Far East 32 (38); North America 16 (26); Europe 2 (same); Australia and New Zealand 1 (2).

Meeting, Birmingham, July 15, at 12.15 p.m.

### ● comment

WGI shows considerable confidence in the current year through its rights issue, which comes in spite of an existing strong liquidity position. The group plans to reserve present cash for a projected upturn in working capital requirements through increased business this year while maintaining what amounts to a contingency kitty for further expansion, possibly by acquisition. The shares rose 2p to 79p, where the historic p/e, on fully-taxed earnings is 5.3 rising to 6 ex-rights with the yield at 6½ per cent. Much of the impetus behind the shares, however, must have come from the results, which showed a full point rise in margins to 6.8 per cent, giving pre-tax profits 23 per cent. higher. In the current year tangible benefits from the new "hardrive" piling development should be seen as well as a first-time profits contribution from the newly export-orientated Cox and Wright.

## Abbey Life fund rises to £288m.

THE ANNUAL report and accounts of Abbey Life Assurance reveals that income from single premium business increased by 22 per cent. in 1975 to £18.2m., but annual premiums rose by only 7 per cent. to £27.8m. Annuity considerations were 43 per cent. higher at £13.2m., while investment income climbed 7 per cent. to £21.7m. There was a fall of 83 per cent. in surrender payments to £22.5m., while management expenses remained unchanged at £9.2m. The value of the fund at the end of the year stood at £288m., against £183m. at the beginning, the rise including an increase of £72m. in the market value of investments over the year.

The directors report that the recovery in the equity and property markets in 1975 resulted in the price of the company's equity units rising by 89 per cent., the property units by 32 per cent., and the selective units by 61 per cent. Abbey had funds under management at the end of 1975 amounting to £336m. of which 18 per cent. was in fixed interest deposits, 14 per cent. in fixed interest securities, 26 per cent. in equities and 44 per cent. in property.

The company has moved its head office from London to Bournemouth and opened new branches at Edinburgh, Strathclyde and Colchester during the year.

## Increased orders trend for Bluemel

Turnover of Bluemel Bros. decreased slightly from £1.73m. to £1.68m. in the half year to March 27, 1976. Profit was £130,243, against £121,227, subject to tax up from £63,538 to £68,000.

Earnings per 25p share increased from 2.338p to 2.737p. As before the interim dividend is 1.225p net. Last year's total was 3.035p from profits of £254,682.

The company continues to maintain its penetration in the motor field, where the market has been somewhat depressed. Demand for cycle products continues to increase, but in the six months there was a slackening in orders for industrial products. This trend has recently been reversed and in the two months since the end of the half year the order book for all divisions has increased considerably, the directors state.

The company now owns the entire capital of Bluemel Steering Wheels and losses in that company have ceased.

## Williams Hudson

Williams Hudson Group, the transport and property concern headed by the financier Mr. David Rowland, is proposing a reduction of its capital since, as its shares now stand below par value, it is precluded in present circumstances from making a rights issue

The company, which incurred a loss of £897,000 before tax in the six months to September 1975, and whose shares were unchanged at 15p last night, compared with the par value of 20p, said yesterday that it is considering a rights issue later this year.

In view of the fact that the shares stand below par value, the Board proposes to reduce the company's capital by cancelling 15p per share on its 11,376,061 shares of 20p now in issue.

The capital reduction, it is stated, is not proposed on the grounds that there has been any loss of share capital by Williams Hudson, but merely to ensure that the nominal value is at on appropriate level.

## Firmin sees profit rise

Subject to unforeseen circumstances profits of Firmin and Sons should show a satisfactory increase for 1976, says the chairman, Mr. R. D. Turner.

The year commenced with a record order load and sales for the first four months showed a considerable increase. The company makes badges, buttons and military ornaments.

# ISSUE NEWS AND COMMENT

## Automated Security re-quotation

Arrangements have been completed for a requotaton of the capital of Automated Security (Holdings) amounting to £818,627. The issue has been sponsored by Energy Finance and General Trust, and Brokers and Greene and Company.

The company was formerly Vab Products, whose shares were suspended in May 1969 and cancelled in August 1972 following the closing down of the company's principal businesses. The capital of Modern Automatic Alarms was acquired in 1973.

In the year to November 30, 1975 pre-tax profits were £241,241 on sales of £1.69m., and the Board is forecasting profits of £280,000 pre-tax for this year. On this basis they expect to pay a dividends amounting to 0.65p per 10p share (amounting to 10 per cent. gross).

The directors believe there is considerable opportunities for growth in sales and rental income, and the group is currently equipping a further four signalling control centres to facilitate expansion.

### ● comment

After shareholders put up some £400,000 of cash for a rights issue by the suspended Vab Products in 1973, there followed the reverse take-over of Modern Automatic Alarms. These companies form the nucleus of Automated Security which returns to the market now, but the security interests of Shipton Automation were also taken over last April for £230,000. Up to now Shipton's security division has evidently been a loss maker, but Automated reckons to be able to turn it round by integrating it into its own network and it looking for rental income of £120,000 from Shipton in 1976-77. Automated is coming to the market on prospective earnings of 1.64p fully taxed based on a depreciation charge which looks in line with the industry. An opening price of 8p to 9p looks likely for a p/e of 5 to 5½, bearing in mind that there must be some pent-up selling pressure from the 1,400 shareholders who have been locked in for the past seven years.

### RIGHTS RESULTS

The rights issue by ICI to raise £203.8m. on the basis of one-for-eight at 330p has been taken up as to 88.3 per cent. The balance has been sold at a premium and the net proceeds amounting to 26.3p per share will be distributed to entitled shareholders.

Portals Holdings' rights issue to raise £3.78m. on the basis of one-for-four at 120p per share has been taken up as to 96 per cent. The balance has been sold for the benefit of provisional allottees.

The £2.1m. rights issue Ransome Hoffmann Pollard or basis of one-for-five at 47p been accepted as to 90.25 per The balance has been sold fo benefit of entitled shareho except that no payment of than £1 will be made.

### LOCAL LOANS

The coupon rate on this w batch of local authority yea bonds is down from 11¾ per to 11½ per cent. The bonds due on June 22, 1977 and priced at par.

This week's issues are: Cit Aberdeen (£½m.), Bew Borough Council (£½m.), Lo Borough of Hammersmith (£ Ipswich Borough Council (£ Wakefield Metropolitan Bor Council (£½m.), Bracknell Di Council (£½m.), Monkl District Council (£½m.), Kir Metropolitan District Co (£½m.), City of Norwich (£ Borough of Milton Keynes (£ Banff and Buchan District C cil (£½m.), Metropolitan Bor of Calderdale (£½m.), N Shropshire District Co (£½m.), Ashford Borough Co (£½m.), Cyngor Dosbarth Du (£½m.), Thurrock Borough Co (£½m.), Wimborne District Co (£½m.), Knowsley Metropo Borough Council (£1m.), Bed shire County Council (£ Cleveland County Council (£ London Borough of Cro (£1m.), Leicester City Co (£1m.), Newbury District Co (£½m.), Rhymney Valley Dis Council (£½m.), Stevenage Di Council (£1½m.), City of 1 burgh District Council (£2m.) City of Glasgow District Co (£½m.).

Other issue news—WGI, (this pa

## Electric & General

Electric and General Investr Company is lifting its divi from 1p to 1.1p net per 25p s with a final of 0.65p for the to May 31, 1976, from earn up from 0.98p to 1.21p per sh

Gross revenue was £74 (£709,693) and earnings Ordinary shares £20 (£139,440), after interest cha £341,377 (£430,705). Managem expenses of £86,847 (£67,339) tax of £115,389 (£72,209).

Net assets per share were (80.4p).

The figures include Washin Investment Company and therefore, not strictly compar it is stated.

## COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the followir companies of dividends of the total amounts specified for th financial years ending on the specified dates:

| | | | |
|---|---|---|---|
| Leisure Caravan Parks Ltd., | Hemel Hemps. | £580,584 | 28. 2.7 |
| BSG International Ltd., | Birmingham | £390,038 | 31.12.7 |
| Peak Investments Ltd., | Isleworth | £58,638 | 31. 5.7 |
| Robertson Foods Ltd., | Beckenham | £667,614 | 31. 3.7 |
| Alpine Holdings Ltd., | London, NW9 | £300,000 | 31. 1.7 |
| Grampian Television Ltd., | Aberdeen | £75,000 | 29. 2.7 |
| Inter-City Investment Group Ltd., | London, E1 | £104,615 | 31.12.7 |
| Nurdin & Peacock, | London, SW20 | £664,615 | 3. 1.7 |
| Walter Runciman & Co. Ltd., | London, EC3 | £663,965 | 31.12.7 |
| The Milford Docks Company, | London, WC1 | £19,500 | 31.12.7 |
| Streeters of Godalming Ltd., | Godalming | £135,271 | 31.12.7 |
| Time Products Ltd., | London, EC1 | £281,987 | 31. 1.7 |
| T. C. Harrison Ltd., | Sheffield | £254,393 | 31.12.7 |
| Century Oils Ltd., | Stoke-on-Trent | £283,399 | 31. 3.7 |
| Wheway Watson Holdings Ltd., | Glasgow | £182,017 | 2. 4.7 |
| Hoveringham Group Ltd., | Nottingham | £470,026 | 31.12.7 |
| E. E. Jeavons & Co. Ltd., | Tipton | £168,923 | 31. 3.7 |
| Hewden-Stuart Plant Ltd., | Glasgow | £598,635 | 1. 2.7 |
| Dale Electric International Ltd., | Filey | £343,888 | 3. 1.7 |
| Capper-Neill Ltd., | Warrington | £502,545 | 31. 3.7 |
| Pork Farms Ltd., | Nottingham | £386,236 | 28. 2.7 |
| Wheatsheaf Distribution & Trading Ltd., | Winchester | £1,021,760 | 28. 2.7 |
| Hill Samuel Group Ltd., | London, EC2 | £3,492,382 | 31. 3.7 |

*Published by the Treasury as required by the above Act*

# London and Northern turns in £9.58m.

ON A TURNOVER up slightly from £224.98m. to £226.08m., group pre-tax profit of London and Northern Group increased from £8.25m. to a record £9.58m. in 1975.

When reporting first-half profit up from £3.46m. to £4.91m., the directors said the improvement was mainly due to a better performance by the construction companies.

They state that the current year is expected to produce record earnings at pre- and post-tax levels due to growth in the construction, building products and metals divisions.

Earnings per 25p share for 1975 were 5.61p (5.82p) and the dividend is a same again 3.25p net, the final being 2p.

| | 1975 £000 | 1974 £000 |
|---|---|---|
| Turnover | 226,084 | 224,984 |
| Trading profit | 14,862 | 12,725 |
| Interest | [illegible] | 4,477 |
| Profit before tax | 9,578 | 8,248 |
| Taxation | 4,388 | 4,332 |
| Minority interests | 1,698 | 715 |
| Net balance | 3,249 | 3,201 |
| Pre-acquisition profits | *157 | *5 |
| Balance | 3,132 | 3,206 |

* Credit.

The increased pre-tax profit, which was after writing £514,000 off development land, was due mainly to overseas earnings which accounted for approximately half the profits in part at the expense of increasing minority interests by almost £1m. owing to the necessity of local participation overseas.

*The policy to reduce indebtedness* resulted in net borrowings falling in the latter half of the year to achieve a reduction of approximately 7m. by end 1975. A further reduction is expected in *the current year.*

There were extraordinary items of £1.53m. which included provisions relating to costs and fines in the case against J. Murphy and Sons which is under appeal, to losses on sale of subsidiaries and to terminal losses and goodwill written off.

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See Lex

## BOARD MEETINGS

BOARD MEETING

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's *timetable.*

TO-DAY

Interims—Cardiff Malting, Compair, James H. Dennis, Dobson Park Industries, Arthur Guinness, Weyburn Engineering.

*Finals*—Chubb and Son, Equity Consort Investment Trust, C. H. Goldrei Foucard, *Group Lotus Car,* Highgate and Job, Land Securities, Reliant Motor, Selection Trust, Wace Group.

FUTURE DATES

| Finals— | |
|---|---|
| Amber Industrial | June 17 |
| Arbuthnot Latham | June 17 |
| Blockleys | June 18 |
| Borhat Tea | June 24 |
| British and American Film | June 19 |
| British & Commonwealth Shipping | June 17 |
| Caledonia Investments | June 17 |
| Continuous Stationery | June 23 |
| Country and New Town Props. | June 18 |
| Graham Wood Steel | June 24 |
| Lawrence (William) | June 18 |
| Lyons (J.) | June 24 |
| Moss (Robert) | June 25 |
| Northern Securities Trust | June 24 |
| Paterson (R.) | June 21 |
| Prince of Wales Hotels | June 17 |
| Rediffusion | June 25 |
| Tridant Group Printers | June 21 |

# B. Whiteley ready for upturn

DESPITE *optimistic comments* from various national bodies, B. S. and W. Whiteley cannot expect any rapid return to profitability in the U.K., says the chairman, Mr. D. H. Whiteley.

The company, which makes electrical insulating press board and *multiply* press paper, is now "better equipped to take advantage of the upturn in business when it materialises," he tells holders in his annual statement. It appears, he adds, that following the worldwide recession, stocks of materials which had been over-ordered in the previous year have now been reduced to a minimum.

The company would therefore expect a more normal pattern of order input, subject to the rate of improvement in world trade, to be resumed in the future.

Mr. Whiteley adds that the efforts of the group's overseas affiliates are "a great help to our export drive which has again resulted in more than half our turnover being shipped abroad." The Indian, South African and United States *companies again all made* useful contributions to the group, while the trend for its Japanese associates, which have not yet returned to profitability, is now in the right direction.

Referring to parent company operations the chairman says that despite the difficult trading conditions, a *major* rebuild of the continuous presspaper machine has been carried out in anticipation of *improved* business—this caused considerable disruption in the second half of the year and a structural defect was discovered in the roof.

As known, the company *incurred a loss before tax of £70,005* during the year to March 31, 1976, compared with a profit of £888,576. Dividends amount to 0.5p net (2.7375p).

At March 31, 1976 the holding company had unutilised losses available to set against future profits amounting to £735,000 (£47,000). A statement of source and application of funds shows an increase in bank balances and cash of £23,793 (£63,566) and an increase in bank overdrafts of £374,714 (£45,792).

The *City Panel on Take-overs* and Mergers has ruled that four Swiss companies, which claim to *hold in aggregate* 33 per cent. of *the equity, should reduce their* holdings to not more than 25 per cent. by June 30.

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# NMC Invests. repeats 1.3p

Earnings per 12.5p share of N.M.C. Investments increased from 1.56p to 1.62p in the year to March 31, 1976. As before the dividend is 1.3p net.

Profit decreased from £100,309 to £87,681 subject to a lower tax charge of £17,740 (£32,972).

# Tomkinsons looks to latter half

PRE-TAX PROFIT for the 25 weeks to March 20, 1976 of Tomkinsons (Holdings) fell sharply from £115,000 to £22,000 but provided there is no worsening in world trading conditions, improved marketing strategy is expected to yield "a considerably better result in the second half," the directors state. Profit for the year to Sept. 27, 1975 was down *from £803,000 to £250,000.*

Turnover for the 25 weeks was £4.37m. (£4.23m.). Tax absorbs £12,000 (£61,000).

The home market continues to be very difficult for the medium *to upper priced consumer goods* in which the company has successfully traded in the past and this has resulted in extremely low profit margins, the directors state.

In the home market, therefore, the company is pursuing a policy of widening the scope of marketing and has increased Axminster sales profitably.

In tufting and Wilton the policy of trading up is proving well based.

The company has succeeded in expanding exports in markets comparatively new to it and expects that this year will be a record in export trade.

## SCOTTISH WIDOWS

*Scottish Widows' Fund and Life* Assurance Society (Administration and Services) has now completed its move to new premises at: P.O. Box 902, 15 Dalkeith Road, Edinburgh (Tel.: (031) 655 6000).

# Better second half at Chamberlain Phipps

*GROUP PROFIT*, before tax, of Chamberlain Phipps was £693,000 for the year to March 31, 1976 compared with £1,276,000 for the previous year. A good recovery was made in the second half of the year with a profit before tax of £466,000 compared with £227,000 for the first six months.

Action taken to improve the company's liquid position reduced the overdraft by £660,500, and the interest charge fell by 20 per cent. to £520,000.

The chairman, Mr. W. R. F. Chamberlain, reports that sales in the first ten weeks of the current year are 35 per cent. higher than in the comparable period of 1975 and at a higher level than at any time last year.

In view of the improvement in cash flow, current sales and profits, the directors recommend a final dividend of 1.29296p per share, making an unchanged net total of 1.74096p. Earnings per 10p share decreased from 2.54p to 0.91p.

*Although* conditions are still not buoyant, most sections are operating satisfactorily, some very well, and the directors believe that profits and earnings per share, subject to the usual caveats, "*should be appreciably* in excess of last year," says Mr. Chamberlain.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Turnover | 35,350 | 37,381 |
| Trading profit* | 1,188 | 1,890 |
| Share associates | 25 | 23 |
| Interest payable | 520 | 649 |
| Profit before tax | 693 | 1,276 |
| Taxation | †433 | 639 |
| Minority interests | 48 | 71 |
| Attributable | 212 | 567 |
| Extraord. debits‡ | 1,589 | 62 |
| Debit balance | 1,377 | 505 |

* After depreciation of £1,459,000 (£1,356,000). † Including overseas £81,000. ‡ Includes £1.25m. provision for German subsidiary. § Credit.

The Ordinary dividend takes £306,000 and the Preference £9,625.

The damaging effect of the world-wide recession in trade could not be avoided. After allowing for the turnover attributable to Textile Bonding and Sunthorn which were sold at the beginning of the year, group sales increased by 6.5 per cent. which was not satisfactory in view of the rate of inflation, says the chairman. Tax at 62.5 per cent. was exceptionally high as there was no relief available on losses incurred in Germany.

The German subsidiary, which manufactures metallized films, suffered severely because of the recession and the loss of important export sales due to the change in parity between the Deutschmark, the dollar and the pound and the late delivery of a large new plant for metallizing paper. The directors are considering the current situation but feel it prudent to provide £1.25m. in extraordinary items in the accounts against the balance sheet value of this subsidiary at March 31, 1976. The balance of extraordinary items was for reorganisation in the U.K.

### ● comment

Adding back a bad debt of about £½m., Chamberlain Phipps is 26 per cent. lower pre-tax, with a second half improvement of 74 per cent. The German subsidiary was responsible for most of the setback, incurring a loss of around £0.4m. and Phipps has provided for the cost of this investment, though there is a fair chance of a turnround in the second half of this year. The strength of the *D-mark* is a worry as most of the subsidiary's products are exported to the U.K. and the U.S. Another loss-making subsidiary was Faire Bros., which, however, achieved a turnround in the last quarter of 1975-76 following a reorganisation. With some of the problems behind it and exports running at 50 per cent. higher than a year ago, Phipps is apparently on a strong recovery path. But the depressing factors are the state of the U.K. footwear industry which accounts *for 40 per cent. of Phipps' turnover,* and the German subsidiary. However, the p/e of 14.8 at 19½p (on a normal tax charge) looks to recovery, while a high uncovered yield of 14.7 per cent. is *a prop.*

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1976 High | 1976 Low | Stock | Closing Price p | + or − | Div. Amount | Times covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| — | F.P. | — | £25¾ | £21¾ | Barry Pacific Pd. US$1 | £24½ | ...... | — | — | 0.8 | — |
| $10,500 | F.P. | — | $10,500 | $5,500 | Brasilvest S.A. | $5,500 | ...... | — | — | — | — |
| — | F.P. | — | £24½ | £23 | Embart Corp. US$1 | £24½ | ...... | $1.20 | — | 5.0 | — |
| 47 | F.P. | 9/7 | 45 | 41 | Wilson Walton 10p | 42 | ...... | [illegible] | 2.1 | 11.9 | 6.1 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1976 High | 1976 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| £99 | £10 | 28/8 | 9⅞ | 7½ | Birmingham (City of) 13% Red. Stock 1983 | 9½ | ...... |
| [illegible] | F.P. | 18/6 | 128 | 114 | Bowring (C.T.) 10% Conv. 1987 | 119 | ...... |
| **£99 | F.P. | 4/6 | 100 | 99 | Chester Water 8% Red. Pref. 1981 | 99 | ...... |
| **£99½ | F.P. | 11/6 | 100¼ | 98½ | East Worcs. Water 8% Red. Pref. 1981 | 98½ | ...... |
| C$100 | F.P. | — | 99¼ | 96½ | IAC 9¾% Notes 1981 | $96½ | ...... |
| US$100 | Nil | — | $99¼ | $99 | Lloyds Eurofinance Guar. Fl'ting N'tal983 | $99 | ...... |
| **£99¼ | £10 | 25/7 | 11¼ | 10 | Newcastle & Gateshead 8% Red. Pref. 1981 | 10 | ...... |
| US$100 | Nil | — | 101 | 100 | Royal Bank of Scotland Floating Rate 1983 | $101 | ...... |
| US$100 | F.P. | — | 100½ | 99½ | Sandvik 9½% Bonds 1986 | $100 | ...... |
| £96¾ | F.P. | 25/6 | £95½ | £94½ | Scottish Agric. Secs. 14% Deb. 1993 | £95¼ | +¼ |
| [illegible] | £50 | 9/7 | 74 | 60 | Sim. Met. [illegible] Conv. [illegible] | 64 | ...... |
| **£99 | £10 | — | 10½ | 10½ | Sunderl'd and S.Shields Wtr 8% Red Pref 1981 | 10½ | ...... |
| [illegible] | F.P. | 14/5 | 99⅞ | 98½ | [illegible] | 98½ | −½ |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Dates | | 1976 High | 1976 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 350 | F.P. | 4/6 | 17/6 | 497 | 485 | Aust. & N.Z. Bank | 497 | ...... |
| 260 | F.P. | 28/5 | 25/6 | 292 | 277 | Bank of Ireland | 285 | −3 |
| C$14 | Nil | — | — | 18 | 11 | Bank of Montreal | 13 pm | +2 |
| 38 | Nil | 18/6 | 6/8 | 11 | 6 | Bejam Group | 11pm | ...... |
| 70 | F.P. | 1/6 | 9/7 | 105 | 96 | Boddingtons | 100 | ...... |
| 35 | Nil | 21/6 | 19/7 | 6 | 1 | Booth (Intl.) | 2pm | ...... |
| 13 | F.P. | 28/5 | 11/6 | 17¾ | 16 | Boulton Wm. | 17 | ...... |
| 65 | F.P. | 18/5 | 16/6 | 83 | 65 | Bowring (C. T.) | 71 | ...... |
| 14 | F.P. | 16/6 | 30/7 | 17½ | 14½ | Coalite & Chemical | 17½ | +½ |
| 140p | Nil | 29/6 | 28/7 | 30 | 25 | Dunbee-Combex-Marx | 28pm | −1 |
| 8p | Nil | 25/6 | 16/7 | 1½ | ¾ | Elswick-Hopper | 1¼pm | ...... |
| 40 | F.P. | 7/6 | 18/6 | 50 | 41 | Eva Inds. | 44 | ...... |
| 88 | F.P. | 21/5 | 18/6 | 111½ | 101 | Glynwed | 106½ | ...... |
| 305 | F.P. | 27/5 | 2/7 | 428 | 390 | Heath (C.E.) | 407 | −3 |
| 330 | F.P. | 10/6 | 2/7 | 379 | 353 | I.C.I. | 364 | −2 |
| 47½ | F.P. | — | — | 65½ | 57 | Lesney Products | 69 | ...... |
| 57 | F.P. | 3/5 | 20/7 | 71½ | 61 | Lloyd (F.H.) | 65½ | ...... |
| 169 | F.P. | 28/5 | 9/7 | 214 | 189 | Lucas Inds. | 205 | ...... |
| 35 | F.P. | 11/6 | 2/7 | 35½ | 34½ | Mallinson (Wm.) & Denny Mott | 34½ | −1 |
| 120 | F.P. | 11/6 | 9/7 | 158 | 134 | Portals | 152pm | ...... |
| 21 | Nil | 22/6 | 20/8 | 2 | 1¼ | Press (William) | 1½pm | ...... |
| 47 | F.P. | 10/6 | 23/7 | 68½ | 49½ | Ransome, Hoffmann, Pollard | 56 | ...... |
| 400 | F.P. | 21/5 | 25/6 | 482 | 440 | Selection Trust | 460 | ...... |
| 32 | F.P. | 16/6 | 23/7 | 36 | 32¼ | Tootal | 32¼ | ...... |
| 45 | F.P. | 28/5 | 29/6 | 56 | 44 | Tricentrol | 52 | +2 |
| $A1.20 | Nil | 18/6 | — | 54 | 38 | Western Mining | 51pm | ...... |
| 70c | F.P.'d | — | — | 61 | 48 | Woodside-Burmah | 50 | ...... |

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. p** Pence unless otherwise indicated. *u* Forecast dividend; cover based on previous year's earnings. *x* Figures based on prospectus or other official estimate for 1976. *r* Figures assumed. † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ⁂ Offered to holders of Ordinary shares as a "rights." @ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). ¶ Provisional or partly-paid allotment letters. § With warrants. ◆ After suspension.

MINING NEWS

# How South Africa sees its energy needs

BY MALCOLM DUMPHREYS

THE RECENT inroads made by the Soviet Bloc into Southern Africa have caused much consternation in the Western world, as witnessed earlier this year by the fall in the share prices of South African companies on the London Stock Exchange, owing to fears for the future security of mineral deposits owned or managed by the Republic.

In view of this, the conference held last Tuesday and Wednesday in Mbabane, Swaziland by the South African based Foreign Affairs Association entitled "the Strategic Role of Mineral Resources" came at a most opportune moment.

## Coal tops list

Speaking on the Republic's dependence on coal as a source of energy, Dr. W. C. J. van Rensburg, technical director of the Minerals Bureau of SA said that while the Republic had a substantial portion of the world's uranium reserves (another contributor reckoned that SA would, in the next ten years, replace Canada as the non-communist world's largest producer of uranium behind the U.S.) its energy content was far less than that of coal reserves.

He drew attention to the discrepancy between stated reserves and what was actually extracted by the existing "bord and pillar" mining method. Dr. van Rensburg said that percentage extraction by that method decreased as the depth of the deposit being worked increased, falling to 28 per cent. at a depth of 300m. and could be as low as under 10 per cent. in some cases.

This is because of the pillars of coal which have to be left in situ to act as supports to enable extraction to continue. To mine the deposits by the "long wall" method, as with European deposits, was considered uneconomic owing to the resultant sharp increase in costs while the coal price is fixed by the Government. A rise in the coal price is currently being sought and some news on this should be known late this month. However, added Dr. van Rensburg, higher prices combined with legislative measures or incentives to ensure a greater percentage of recovery could substantially increase the country's extractable reserve of coal.

Talking about the development of physical infrastructure for mineral exploitation in southern Africa, Dr. J. J. Cilliers of African Selection Trust, said the coal handling facilities at the new Richards Bay harbour are geared to an annual tonnage of 12m. tons a year, of which 9m. will originate in the Transvaal and the balance from Natal, well within the capacity of the new R400m. railway line linking the port with Broodsneyersplaas, near Ermelo, a distance of 525km., the line is designed for haulage of 30m. tons a year and a coal pipeline is being considered instead of the eventual doubling of the railway line.

The harbour at Saldanha Bay is being developed to handle iron ore exports of which the Sishen-Saldanha rail link will be capable of carrying up to 34m. tons a year.

The State run Escom uses more than half of the country's coal production for the generation of electric power and the proportion of coal used was thought likely to increase. SASOL, the oil from coal plant, currently uses about 3m. tons a year. SASOL 2, currently under construction at a cost of R1bn., will use some 12m. tons annually and should be in full production in 1985.

Dr. J. E. Tilton, Department of Mineral Economics, Pennsylvania State University, said that high mineral taxation, restrictions on currency convertability, political instability or strife, fear of expropriation and other adverse conditions have blocked the development of many high grade mineral deposits.

He thought that in southern Africa, the threat of racial conflict would inhibit investment if it continued to grow and that countries that hoped to attract capital and expertise would not be overly successful if they had a history of expropriation or repeatedly demanded, once firms had successfully developed new mineral ventures, that agreements governing taxes and other conditions be renegotiated to increase the Government's share of revenues. Due to the long lead times required for new mineral projects, once the adverse consequences are apparent, it takes years before changes in government policy can rectify them.

### MINING BRIEFS

**EX-LANDS NIGERIA**—May tin output 35 tonnes (April 32 tonnes).

### URANIUM IN INDONESIA

West Germany will assist Indonesia exploration for uranium in West Sumatra under a six-year agreement signed in Jakarta. The arrangement guarantees West German participation in exploitation and supplies of uranium to that country once production surpasses Indonesia's own needs.

Joint exploration work will be carried out by the Indonesian Atomic Energy Agency and the German Institute for Geo-sciences and Raw Materials. Germany will give DM2.08m. (£450,000) for the first year's activities.

The German Institute is to provide 90 per cent. of exploration expenses and is to train Indonesian personnel over a seven-year period. Indonesia signed a similar agreement with France in 1969 for exploration in Kalimantan, the results of which are now being studied.

### BLYVOOR WILL PLEASE SOME

There will be mixed feelings this morning over the final dividend of 30 cents (19.4p) paid by the Barlow Rand group's Blyvoor gold-uranium mine. It brings the total for the year to June to 75 cents (48.6p) compared with 100 cents for 1974-75 and although estimates of the latest distribution had ranged down to 20 cents some observers had been looking for 40 cents or more.

The mine is faced with a capital expenditure programme of around R12.8m. (£8.3m.) in the coming year while its funds which are available for distribution will have been eroded by the recent increases in tax surcharge and loan levy in the South African budget.

An interim of 5 cents (3.24p) is declared by East Rand Proprietary compared with 25 cents previously. The 1973 total being 35 cents. There is again no dividend from Durban Deep, the last payment being the 20 cents for the half-year to June 1975. Blyvoor were 20p up at 380p in front of the news yesterday, while ERPM were 10p higher at 350p and Durban Deep 20p to the good at 570p.

## B.P. and Vickers in joint venture

BP and Vickers have established a new company, Vikoma International, to market oil spill clearance equipment worldwide.

The new company, which has a projected turnover of £1m. in its first trading year, will market the Vikoma Seapack Boom System, the Vikoma Seaskimmer and the Komara Miniskimmer.

Vickers, whose subsidiary, Vickers-Slingsby, is the manufacturer of the Vikoma range of skimmers, are equal partners with BP in the new company.

## Streeters sees record first half

Trading to date at Streeters of Godalming will ensure record half-year profits and barring unforeseen circumstances, the company can look forward to "very satisfactory results for the current year," Mr. E. A. Streeter, chairman, told the annual meeting.

He said that the company was actively nursing further diversification to complement its public works construction in sewers.

While negotiations for additional work in Saudi Arabia were in hand, contracts were being held up until the formation of a new company there.

Turning to 1975, Mr. Streeter noted the 66 per cent. volume increase in turnover and said if comparison was made to the ratio of creditors and sums due, there was an improvement in liquidity of more than £0.5m.—"and this improvement continues." All operations were successful in 1975, he added.

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## Better trend at Sheffield Brick

After dropping from £81,000 to £45,000 in the first half, pre-tax profits of Sheffield Brick Group finished 1975 down from £127,000 to £111,000 on turnover of £2.17m. compared with £1.96m.

After tax of £60,000 against £50,000, earnings are shown to have fallen from 6.9p to 5.2p per 25p share. The final dividend is 2.200p net for a 2.936p (2.71p) total.

## Loss for U.U. Textiles but recovering

A pre-tax loss of £120,000 compared with a profit of £55,000 is reported by U.U. Textiles for the six months to November 1, 1975. Turnover for the period fell from £3.6m to £2.9m.

There is no interim dividend per 10p share against 2.21875p net—last year there was no final.

Profit is struck after interest of £108,000 (£169,000)—there is no tax (£2,000 credit).

The attributable loss is £380,000 (profit £71,000) after extraordinary debits of £285,000 (credit £16,000) and minorities. Losses relating to the disposal of Grosvenor Fashions and Junitex amounting to £198,000 have been included in extraordinary losses.

There will be further terminal losses and goodwill to be written off at the year end. Further terminal losses relating to Sirela Manufacturing are also included in the extraordinary item.

The directors state that trading has now improved and barring unforeseen circumstances, trading profits from May 1 for the newly constituted group will be sufficient to meet ongoing financing costs and achieve a small profit for that period.

## Seafield Gentex loss reduced

Cost increases in excess of those anticipated and a slower rate of recovery again led to a pre-tax loss at Seafield Gentex—with £195,938 for the half year to March 31, 1976 compared with £277,569 for the corresponding period. The loss for the last full year was £223,067.

Trading conditions still remain difficult. Nevertheless, in spite of the exceptional terminal losses in the rationalisation of Seafield Fabrics to Youghal, the directors expect a reduction in the rate of losses for the second half of the financial year, says chairman Mr. R. D. Lord.

| | Half-year 1975-76 | 1974-75 |
|---|---|---|
| | £ | £ |
| Domestic sales | [illegible] | [illegible] |
| Export sales | [illegible] | [illegible] |
| Total external sales | [illegible] | [illegible] |
| Trading loss | [illegible] | [illegible] |
| Loan interest | [illegible] | [illegible] |
| Loss before tax | 195,938 | 277,569 |
| Tax credit | [illegible] | — |
| Net loss | [illegible] | [illegible] |
| Minority | [illegible] | [illegible] |
| Loss attributable | [illegible] | [illegible] |
| Preference dividend | [illegible] | [illegible] |





BIDS AND DEALS

# Carrimore-Edbro now offers 78½p

Edbro (Holdings), in a not wholly unexpected reply to York Trailer's 57½p cash counter offer for Anthony Carrimore, has revised upwards its original share offer by over one half.

The revised terms are 7 shares in Edbro for every 10 shares in Carrimore, which with Edbro's shares closing at 112p xd last night is worth 78½p a Carrimore share.

Yesterday, Lazard Brothers, acting for York Trailer, claimed to have already received irrevocable acceptances for a further 5.51 per cent. of Carrimore's ordinary shares, bringing total irrevocable acceptances so far to 44.56 per cent., and 23.9 per cent. of the Preference shares for which a 50p cash offer was made by both York and Edbro.

The revised Edbro offer, and the existing Preference offer, will be kept open for at least 14 days from the day of posting of the written notification of the revision to the shareholders of Carrimore.

### BRIGHTON & HOVE SAYS ACCEPT

The Brighton and Hove Stadium Board has written to shareholders recommending the offer from Coral Leisure Group in the absence of a higher bid. Coral became liable to make a bid when it won a three-cornered battle for GRA Property Trust's 39.7 per cent. stake in Brighton and Hove at a price of 36p per share.

Coral's alternative to its cash offer is on the basis of five shares for every 11 in Brighton and Hove. Mr. Gerard Kealey, the Brighton and Hove chairman, who increased his holding by 2,950 in April, recommends the offer "having regard for the disadvantages attaching to a small shareholding in a company in which one powerful shareholder will hold a very susbstantial minority (and subsequently perhaps a majority) shareholding."

### ANGLO CEYLON —WHITEHEAD

Anglo Ceylon and General Estates announces that acceptances received in respect of their offer for the Preference shares of David Whitehead and Sons amounted to 132,086 shares (approximately 68 per cent.). Offer remains open until June 28.

### BESTWOOD

Bestwood has disposed of its holding of 80,000 6.3 per cent. cumulative participating £- preference shares of Alma Components to Inter-Market Services for £81,932 cash. Bestwood intends to use proceeds in the expansion of the rest of its business.

### RUGBY CEMENT

Negotiations are taking place between the Trinidad and Tobago Government and the Rugby Portland Cement Company for the purchase of the Rugby subsidiary in Port of Spain.

### ROSEHAUGH

Mr. D. Fredjohn has resigned as a director of Rosehaugh in accordance with his intention declared in a letter to holders in May in connection with the offer made by Sandelson and Co. on behalf of Patchley Investment for the capital of Rosehaugh.

### BULGIN BROXLEA

Acceptances have been received by A. F. Bulgin in respect of more than 93.6 per cent. of Broxlea Holdings shares. The offer is to close on June 29 and will not be extended beyond that date. The balance is to be compulsorily acquired.

### FIRST FINSBURY

The Boards of First Finsbury Trust and John D. Hutchison (U.K.) announce that the scheme for FFT to become a subsidiary of Hutchison and for the cancellation of the outstanding convertible unsecured loan stock of FFT has been approved. The scheme is now conditional only on Court sanction and it is expected that the scheme will become effective on or about July 16.

### HAMPTON'S £0.3 OFFER FOR ASSAM CONSD.EQUITY

Hampton Trust has written to its convertible loan stock holders in order to seek their approval for proposals intended to raise cash to meet the company's £197,000 offer for the Preference shares of Assam Consolidated Tea Estates it does not already own.

Hampton has also made a £300,000 share offer for Assam Consolidated's Ordinary capital, but no offer documents have yet been sent.

The proposals are that Lloyds Bank will provide an overdraft facility of £97,962 and in return Hampton will execute first fixed and floating charges in favour of Lloyds Bank on its interest in its freehold residential development at Cherryfields, Stone, Staffordshire.

The remaining £100,000 will be provided by the Bank of Scotland, which, in return for releasing the £100,000 currently held on deposit by it as security for the Hampton loan stock, for which it is trustee, will hold second fixed and floating charges on Hampton's interest in Cheryfields.

Hampton has delayed sending out its formal offer document for Assam, which was first advised of the offer 4 months ago, until the end of June because it claims to have had an approach from a prospective purchaser of Cherryfields, bought from UDT in April, 1975, for £251,000 and accounting for 30 per cent. of the Trust's assets.

A meeting to consider the proposals will be held on July 6.

### FERGUSON IND. —A. KENNEDY

In yesterday's Bids and Deals item on the offer by Ferguson Industrial Holdings for Allan Kennedy, it was incorrectly stated that Kenedy had been advised by Hill Samuel. Kennedy's financial advisers in this matter are in fact Samuel Montagu.

### MITCHELL COTTS

Documents regarding the agreed bid by Mitchell Cotts Group for WDS Tooling Aids have been issued. The directors of WDS with other shareholders have committed themselves to accept in respect of holdings totalling 59.68 per cent. of the capital. The other shareholders include Walter Duncan and Goodricke which has held 43.2 per cent. of the shares for a number of years.

### NO PROBES

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection, has decided not to refer the following proposed mergers to the Monopolies Commission. They are: British Debt Services/Credit Data; Granada Group/Spectra Rentals; and Manchester Steel/Johnson and Nephew (Mill Street).

### ASSOCIATES DEALS

N. M. Rothschild and Sons announces that on June 14 an associate of Pernas Securities bought 10,000 London Tin in the market at 173p.

Cazenove and Co. has acquired on behalf of International Combustion (Holdings) 5,000 Metropole Industries Ordinary at 50p and 424 Metropole redeemable participating Preference at 90p.

## "Satisfactory start" for Corinthian

Corinthian Holdings' 64 per cent. investment in Tartan McCaul continues to prove most satisfactory even when taken in the context of the textile industry, says the chairman, Mr. F. Collis.

The directors are hopeful of further improvement in Tartan McCaul in the current year—the results of its U.S. subsidiary are particularly encouraging.

Mr. Collis points out, however, that inability to obtain relief against overseas tax continues to have a disproportionate effect on group results.

Despite hope, for a return to profitability in the banking division in 1975, adverse trading conditions continued. Additionally, investment values which were thought to have settled to a stable basis continued to subside during 1975. This necessitated increasing certain provisions against which the company benefited from over-conservative evaluations in other cases. In uncertain conditions the policy of maintaining maximum liquidity continues.

From an overall group point of view 1976 has started satisfactorily and it is hoped this pattern will continue throughout the year.

As reported on June 7, group pre-tax profit for 1975 was £236,152 (loss £563,634) after a provision of £205,456 (£1,105,200) against banking advances. Turnover of the knitwear division was £7,332,702 of which £2,616,871 arose in U.K. (including exports of £47,974).

Having regard to the changing role of the small banks in the present economic scene, Mrs. Gloria Eban has ceased her directorship so that she may continue to devote herself towards the fields where Corinthian as merchant bankers, within its present scope, can no longer operate to any degree of consequence. The directors have agreed to pay Mrs. Eban £5,000 by way of compensation in relation to her service agreement, and in view of her long association with the company they propose additionally to make an ex gratia payment of £6,000, subject to holders' approval.

Meeting, The Londoner, Welbeck Street, W, July 12, at 10.30 a.m.

## London Interstate improves

For the year to March 31, 1976 London Interstate Bank announces an improvement in taxable profit from £47,388 to £170,589 after provision for doubtful debts of £200,000 (£300,000) and lower interest on subordinated debentures of £69,448 (£254,071).

Chairman, Mr. B. S. Barnes says operations for the year have been deliberate and cautious. Priority has been given to maintaining the quality of the loan portfolio and to widening the sources of deposits. For the current year the directors are planning continued increase in profits and gradually improving earnings on assets and capital.

No new problem credits came to light during the year. The small number of credits that have presented problems have received relentless attention and substantial recoveries are being achieved. Nevertheless, the directors felt it prudent to continue to augment provisions against possible loan losses.

The bank ended the year with a very strong capital base. Subordinated debentures of five shareholder banks were redeemed and, simultaneously, equal amounts invested in share capital. Hamburgische Landesbank will have completed the identical transaction by March 31, 1977. The result has been a substantial strengthening of the bank's capital structure and an exceptionally good position from which to grow. The bank has ample funds available from the market at market prices. "The number and geographical spread of banks dealing with us continue to increase," reports the chairman.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Profit | 440,037 | 601,459 |
| Prov. for doubtful debts | 200,000 | 300,000 |
| Interest | 69,448 | 254,071 |
| Profit before tax | 170,589 | 47,388 |
| Tax | 91,600 | 22,239 |
| Net profit | 78,989 | 25,149 |
| To reserve | — | 150,000 |
| Carried forward | 189,067 | 122,878 |

An international breakdown of the bank's loans at March 31, 1976 shows (£000s omitted): U.K. 8,092; rest of western Europe 9,868; U.S. and Canada 3,490; Africa and the Middle East 2,598; Latin America 7,025; Far East and Australasia 2,346; Eastern Europe 1,092.

Current and deposit accounts at March 31, 1976 amounted to £44.51m (£38.99m.). Cash in hand and with bankers, and money at call and short notice totalled £10.21m. (£10.22m.).

# Wm. Press to maintain high order level

TRADING for the first four months at William Press and Son, engineering contractors, is again at a satisfactory level and chairman, Mr. W. A. Hawken, has "every confidence in the future."

Despite the uncertain state of the economy, markets "continue to create more opportunities for our group services and products," he adds.

Last year's rationalisation of the operational side into two establishments has resulted in useful cost savings and increased efficiency and a substantial contribution was made to group profit. Work in the U.K. construction market was maintained at a high level throughout the year. Current order books reflect similar activity and there is every indication that this will be maintained this year, he adds.

William Press (International) is tendering for work in a number of areas overseas. Further orders have been received for work in the United Arab Emirates.

The anticipated contribution from William Press Production Systems at the Howdon Yard on the Tyne was achieved, reflecting the high level of experience and capability now developed by this company. The Denco group improved on its results of the previous year.

Overseas the French subsidiary, Denco SA, had another satisfactory year while in the Middle East Denco secured orders from 14 countries.

General Descaling Company had a successful year and the factory achieved record output. Increasing interest is being shown in the closed circuit television service enabling economies to be made in the high cost of pipeline and sewer maintenance. The current year has started with a good order book and progress should continue, Mr. Hawken says.

Trading in the U.K., the continent of Europe and elsewhere was up to a high level during the year for Metal and Pipeline Endurance, and good progress was made in Australasia and the Far East through Metlab Mapel Pty. Turnover for the current year indicates "an encouraging trend."

A new company in the U.K., P. and W. Offshore Services has been jointly set up by Worley and William Press to undertake work which is becoming available in connection with the establishment and further development of production facilities on fixed platforms offshore.

As known, pre-tax profit for 1975 expanded by more than 40 per cent. to £4.43m. Dividends are up from 1.105p to 1.206p net and there is a one-for-four rights issue to raise £2.2m. The directors propose to pay 1.5p on enlarged capital this year.

Meeting, The Inn on the Park, W., July 29, 11.30 a.m.

## Export drive by P & W Maclellan

Mr. N. D. Carter, Chairman of P. and W. Maclellan, told holders at the annual meeting yesterday, that a major drive was being made in every division—steel products and paint—to stimulate sales in the export field where the decline in the exchange value of the £ provided the opportunity to compete against other countries in world markets.

Some results already were showing improved sales in some of their traditional fields while in others where newer trails were being blazed the returns were perhaps slower but the auguries favourable, said the chairman. All imported materials continued to increase in price and that had been a particular problem in the paints division. The opportunity for development overseas was being seized with "vigour and enthusiasm."

Of the 1975 returns Mr. Carter said the disappointing overall profit of £68,000 was a mixture of poor results in some sectors arising from difficult trading conditions which they were unable to surmount and other sections which were extremely successful and profitable.

## Grendon loan redemption

Grendon Trust, the property, bricks and printing machinery group, which came under the management control of merchant bankers Keyser Ullmann in 1974, will to-day breach the trust deed of its 11 per cent. unsecured loan stock by failing to pay the interest on the stock.

It was announced on March 4 that discussions were taking place between the Board of Grendon, the Alliance Assurance Company as trustees for the holders of the 11 per cent. stock 1978-81 and Grendon's principal banker Keyser Ullmann to consider the possible redemption of the stock.

Since then discussions between Grendon, Kayser Ullmann and certain holders of the stock concerning terms for redemption have been held and are continuing. The company says it expects to make a further announcement within the next seven days.

## Growth to continue at Feedex

IN HIS annual statement the chairman of Feedex, Mr. J. R. Williams, says that while seasonal effects on profits cannot be completely ruled out, the group's base is much broader to cushion any impact from these, and indications are that the growth record should be maintained.

Early this year the group acquired 80 per cent. of Protein Plus which manufactures semi-moist pet food. This gives direct access to a market with "great growth potential." The factory commenced production late in 1975 but is not expected to contribute to group results until later this year when sales volume increases.

A vigorous selling policy not only carried the two engineering companies through 1974 with an adequate return on capital, but also strengthened them for the renewed activity in 1975 and both turned in good profits.

The present large order book means that additional production capacity must now be looked for to meet rapidly increasing demand for products. Consideration is at present being given to a £250,000 expansion programme at John H. Taylor at Consett following the building of a new factory there in 1974.

As reported on May 5, turnover expanded from £10.11m. to £11.61m. in 1975 and pre-tax profits rose from £585,482 to £786,80[illegible]. The dividend is equal to 1.13[illegible] (1.04p) net.

Production of animal feed contributed 55 per cent. of turnover, manufacture of agricultural equipment 9 per cent., merchanting and finance 22 per cent., and pig production 14 per cent.

Net current assets improved from £104,220 to £916,894 following the one-for-one rights issue last August—which provided £430,000, and strict control of working capital requirements of the increased turnover.

Borrowings were reduced from over £1m. at the end of 1974 to "a very small amount" at present. This reduced interest on borrowings has given the Board the financial strength to pursue every investment opportunity presented, members are told.

Meeting, Birstwick, North Humberside, on July 6 at 6 p.m.

## Tarmac profit up so far

THE CHAIRMAN of Tarmac, Mr. Robin Martin, told the annual meeting yesterday that profits for the first four months of 1976 were up on last year and that it is likely that the half year's results will show an increase.

Explaining the delays relating to the proposed acquisition of Holland & Hannen and Cubitts from Drake and Cubitt Holdings, the chairman said that he had hoped by now the proposal would have been put before the shareholders of D and C. However, the subsidiary to be acquired forms such a large proportion of the D and C group that it has been necessary for them to obtain a number of other approvals before placing the matter before their shareholders "which may take a little time," he added.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Automated Security (Holdings) Limited ("the Company"). The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange for the Ordinary Shares of 10p each of the Company to be admitted to the Official List. This Advertisement is not an invitation to any person to subscribe for or to purchase any share or loan capital of the Company.

# AUTOMATED SECURITY (HOLDINGS) LIMITED

(Incorporated in England under the Companies Act 1929. No. 321639)

## SHARE CAPITAL

| Authorised | | Issued and fully paid |
|---|---|---|
| £ | | £ |
| 1,500,000 | in 15,000,000 Ordinary Shares of 10p each ... ... ... ... ... | 818,627.80 |

At the close of business on 17th May, 1976, the Company and its subsidiaries ("the Group") had outstanding loan capital of £47,000 as set out in Statutory and General Information below, secured borrowings (including bank borrowings) of £720,447 and hire purchase commitments of £75,483. Save as aforesaid and as disclosed herein, and apart from intra-group indebtedness, no member of the Group had outstanding any borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, loan capital, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**DIRECTORS**

THOMAS VIGUS BUFFETT (Canada) (*Chairman and Chief Executive*)
Oak Lodge, The Common, Berkhamsted Herts. HP4 2QF.

DENNIS WILLIAM SMITH (*Executive*),
11 West Riding, Bricket Wood Herts. AL2 3QR.

KENNETH MACFARLANE COUPAR (*Non-Executive*),
Millcroft, East Baldwin, Isle of Man.

SIMON HAROLD JOHN ARTHUR KNOTT (*Non-Executive*),
403 Goldhawk Road, London W6 0SB.

**SECRETARY AND REGISTERED OFFICE**

DAVID EDWIN GEORGE WALLER, FCMA.
25-26 Hampstead High Street, London NW3 1QA.

**SPONSORED BY**

**Energy, Finance and General Trust Limited**
(Licensed Dealers in Securities)
61 Cheapside, London EC2V 6AX

and

**Greene & Co.**
Finsbury House, Blomfield Street, London EC2M 7AL
and The Stock Exchange.

**BANKERS**
MIDLAND BANK LIMITED,
55 Corporation Street, Coventry, Warwickshire CD1 1GG.

**SOLICITORS**
To the Introduction and the Company
CLIFFORD-TURNER,
11 Old Jewry, London EC2R 8DS.

**AUDITORS AND REPORTING ACCOUNTANTS**
BINDER HAMLYN, Chartered Accountants,
8 St. Bride Street, London EC4A 4DA.

**REGISTRARS AND TRANSFER OFFICE**
SAMUEL MONTAGU & CO. LIMITED,
116 Old Broad Street, London EC2N 1AN.

## HISTORY AND BUSINESS

The Company was incorporated as a private company under the name of Vab Products Limited on 7th December, 1928 and became a public company in 1938 when its shares became quoted on The Stock Exchange, London. Following the closing down of the Company's principal businesses the quotation of the Company's Ordinary Shares was suspended in May 1969 and cancelled in August 1972.

Reorganisation of the financial position of the Company began with a rights issue in September 1972, which raised approximately £370,000 and was continued by the acquisition, completed in July 1973, of the share capital of Modern Automatic Alarms Limited ("MAA") for the issue of 3,750,000 Ordinary Shares of 10p each in the Company. At the same time the name of the Company was changed to Automated Security (Holdings) Limited to reflect the activity and policy of the reconstituted Group.

MAA, which is the principal operating subsidiary of the Company, was incorporated on 5th October, 1964 to manufacture and install security alarm systems and has since expanded into the general field of security systems. The Group continues to specialise in the rental of security alarm systems, principally to commercial and industrial clients including major high street groups. The Group operates from branches and service centres throughout the United Kingdom and, following the recent purchase in April 1976 from Shipton Automation Limited of its security systems operations, the Group has in excess of 11,000 systems, making it one of the largest security alarm operators in the United Kingdom. This recent purchase should considerably enhance the density and efficiency of the branch and service centre operations.

Security systems are currently rented on minimum three-year contracts which provide for annual rental reviews.

## DIRECTORS AND MANAGEMENT

### The Company

Thomas Buffett, aged 40, became a Director of the Company in March 1973 and Chairman and Chief Executive in November 1974. He is a Canadian citizen with degrees in Engineering and Business Management.

Dennis Smith, aged 46, was one of the founders of MAA and is an engineer who has spent the whole of his working life in the security alarm industry. He became Managing Director of MAA in 1963 and joined the Board of the Company in July 1973. He is now Deputy Chairman and Technical Director of the Company.

Kenneth Coupar, aged 48, is an expert consultant and a director of various companies in the Isle of Man, where he is resident.

Simon Knott, aged 44, is a member of The Stock Exchange and senior research partner at *Greene & Co. He is a director of Rights and Issues Investment Trust Limited* and other public companies and a specialist on rental companies.

### MAA

The directors of MAA in addition to Mr. Buffett and Mr. Smith are:—

David Waller, aged 32, is Financial Director of MAA and the Secretary of the Company. He is a Fellow of the Institute of Cost and Management Accountants and joined the Company in April 1974.

Michael Hawker, aged 38, is Managing Director of MAA and has been involved in the security alarm industry since 1963. He joined MAA in June 1963 and became a Director in October, 1966.

Arthur Bishop, aged 46, is Deputy Managing Director of MAA and has been involved in the security alarm industry since 1944. He joined MAA in April 1972 and became a Director in May 1972.

Keith Hanner, aged 37, is Engineering Director of MAA and has been involved in the security alarm industry since 1958. He joined MAA in June 1963 and became a Director in March 1971.

William Carruthers, aged 40, is Managing Director of the manufacturing and distribution subsidiaries. He is an engineer with broad commercial experience and became a Director in July 1974.

The Directors are supported by experienced management personnel in each area of activity. The Group currently employs 351 persons and a pension scheme has recently been implemented which is available to all staff employees.

## PREMISES

In addition to branches in Belfast, Birmingham, Bristol, Cardiff, Leeds, Leicester, Manchester, Motherwell, Newcastle-upon-Tyne, Oxford and Southampton, all held on leases with less than 3 years outstanding at an aggregate annual rental of £11,850, the Group occupies the following premises, all of which are leasehold:—

| *Address* | *Current Annual Rental* | *Years outstanding on lease (approx.)* | *Area (sq. ft.)* |
|---|---|---|---|
| 76/78 Highgate Road, London, N.W.5 (sublet at a profit rental for the term of the lease) | £10,000 | 16 | 12,500 |
| 25/26 Hampstead High Street, London, N.W.3 | £15,300 | 23 | 2,000 |
| 122 Arlington Road, London, N.W.1 | £2,500 | 11 | 2,400 |
| 91/93 Queens Road, Peckham, London, S.E.15 | £11,000 | 18 | 2,830 |
| *College Road, Cinderford, Glos. | £3,500 | 1 | 10,000 |

*The Company is negotiating to buy for £15,000 the freehold of these premises which include 7,000 sq.ft. of additional ground area.

## PROFITS, PROSPECT AND DIVIDENDS

As can be seen from the Accountants' Report, profits of the Group before taxation and extraordinary items rose from £72,348 to £241,241 in the three years ended 30th November, 1975 and in that period turnover has risen from £1,250,991 to £1,681,448.

*The Group budget for the year ending 30th November, 1976 indicates a further increase in turnover* and profits and, taking into account the unaudited management accounts for the four months to 31st March, 1976 the Directors estimate that, in the absence of unforeseen circumstances and on the basis of the assumptions included in the letter from Binder Hamlyn set out in paragraph 7 of the Statutory and General Information, the Group profits before taxation for the year to 30th November, 1976 will amount to not less than £260,000.

The Directors believe that there are considerable *opportunities for growth in sales and rental income,* and the Group is presently equipping four further signalling control centres to provide for future expansion and improve the services offered to customers.

On the basis of the above forecast, the Directors would expect to recommend total dividends of 0.65p per share (equivalent to a gross dividend of 10 per cent.) in respect of the year ending 30th November, 1976 payable as to an interim dividend of 0.1625p per share in or about November 1976 and a final dividend of 0.4875p per share in or about May 1977.

| | | Forecast 1975/76 £ |
|---|---|---|
| Group Profits before taxation | | 260,000 |
| *Less:* Corporation Tax } assumed at 52% | 29,653 | |
| Deferred Tax | 115,947 | 145,600 |
| Group Profits after taxation | | 114,400 |
| *Less:* Interim Dividend 0.1625p per share | 13,302 | |
| Final Dividend 0.4875p per share | 39,908 | 53,210 |
| Profit retained | | £61,190 |

## ACCOUNTANTS' REPORT

The following is a copy of a report received from Binder Hamlyn, Chartered Accountants, 8 St. Bride Street, London EC4A 4DA:—

The Directors,
AUTOMATED SECURITY (HOLDINGS) LIMITED.
16th June, 1976.

Dear Sirs,

Automated Security (Holdings) Limited ("the Company") acquired the whole of the issued share capital of Modern Automatic Alarms Limited ("MAA") on 5th July, 1973 and thus created the present Group. Prior to that acquisition the activities of the Company were not relevant to this report and we have therefore examined the audited consolidated accounts of the Company for the three years ended 30th November, 1975 and the audited consolidated accounts of MAA for the five years ended on that date.

We have been auditors of the Company since 1972 and MAA since 1970.

The summarised Profit and Loss Accounts and Balance Sheets set out below are based on those audited accounts together with the opening position at 30th November, 1970 after making such adjustments as we consider appropriate. In our opinion those summaries, together with the notes thereon, give respectively a true and fair view of the profits of MAA and the Company for the periods stated and of the state of affairs of MAA and of the Company at the dates stated.

No audited accounts of the Company have been made up in respect of any period subsequent to 30th November, 1975.

### 1. Accounting Policies

The principal accounting policies which have been applied consistently throughout the period under review are:—

(A) FIXED ASSETS AND DEPRECIATION
*Equipment on contract hire is capitalised on the basis of the cost of material content of the installation* plus 9 per cent. of the material content estimated as attributable to direct labour charges on final assembly of the control units. Depreciation is provided at a rate of 10 per cent. per annum on a straight line basis with monthly rests commencing in the month following date of installation.
Other fixed assets are depreciated on a straight line basis at the following annual rates:—

| | |
|---|---|
| Motor vehicles | 25 per cent. with monthly rests commencing in the month following date of acquisition. |
| Plant and machinery | 15 per cent. |
| Fixtures | 10 per cent. |
| Improvements to leasehold premises | 10 per cent. |
| Moulds, jigs, tools and development expenses | 20 per cent. (See (F) below) |

(B) STOCK AND WORK IN PROGRESS
Stock has been valued at the lower of cost and net realisable value. Cost for products manufactured by the Group consists of direct material and labour cost together with the appropriate factory overheads. For other stock, cost has been determined *by reference to purchase price on a* "first in first out" basis. Work in progress has been valued at cost as defined above, together with an appropriate contribution for labour charges.

(C) RENTAL INCOME
Rental income is taken into account in the financial period covered by the rental, income relating to a future accounting *period being allocated* to that period.

(D) REPAIRS AND MAINTENANCE
Repairs and maintenance to fixed assets are written off in the year in which the cost is incurred.

(E) DEFERRED TAXATION
Deferred taxation is provided by the liabilities method on the excess of capital and other allowances *utilised for taxation purposes* over depreciation charged. In addition, provision is made for corporation tax deferred by relief for increases in stock values.

(F) RESEARCH AND DEVELOPMENT EXPENDITURE
All expenditure is charged against profits in the year in which it is incurred with the exception of £6,155 being an asset of a subsidiary company, acquired in 1971 and being written off over five years from that date.

(G) TURNOVER
Turnover (excluding sales between Group companies) has been computed as follows:—
(a) Invoiced value of sales of goods and services net of Value Added Tax.
(b) invoiced value of rentals adjusted for prepayments net of Value Added Tax.

(H) CONSOLIDATION
The accounts of all subsidiaries are made up to 30th November and have been consolidated.

### 2. Profit and Loss Accounts

The summaries below are in respect of MAA for the two years ended 30th November, 1972 and the Company for the three years ended 30th November, 1975.

| Accounting periods to 30th November | MAA 1971 £ | MAA 1972 £ | The Company 1973 £ | The Company 1974 £ | The Company 1975 £ |
|---|---|---|---|---|---|
| Sales | 702,101 | 9?3,944 | 1,250,991 | 1,4??,525 | 1,681,443 |
| Cost of Sales (Note 1) | 622,981 | 8??,730 | 1,178,651 | 1,3?6,?30 | 1,4?0,204 |
| Profit before taxation | 79,500 | 1??,1?? | 72,348 | 109,1?0 | 241,241 |
| Corporation Tax | 223 | 1,719 | 9,41? | — | — |
| Deferred Tax | 27,700 | 3?,500 | (1,?80) | 11,789 | 134,479 |
| Profit after Taxation | 51,875 | 64,9?4 | 67,822 | 97,429 | 106,762 |
| Extraordinary items (Note 2) | — | (1,282) | (15,864) | (74,131) | (44,543) |
| Profit for the year | 51,875 | 63,6?4 | 48,128 | 23,278 | 61,919 |
| Minority interest | (2,777) | (2,050) | 2,368 | — | — |
| Retained Profit | £49,098 | £61,624 | £50,496 | £23,278 | £61,919 |
| Earnings per share (assuming a full tax charge) | — | — | 0.33p | 0.64p | 1.41p |

Notes

1. Cost of Sales

| | 1971 £ | 1972 £ | 1973 £ | 1974 £ | 1975 £ |
|---|---|---|---|---|---|
| Cost of Sales includes:— | | | | | |
| Cost of installations manufactured including all overhead and administrative costs | 694,325 | 930,042 | 1,254,782 | 1,375,130 | 1,308 532 |
| Less: Equipment capitalised | (183,589) | (295,619) | (244,128) | (351,414) | (190,468) |
| | 510,736 | 634,423 | 810,254 | 1,013,636 | 1,109 063 |
| Interest | 30,043 | 43,274 | 111,128 | 115,358 | 109,422 |
| Depreciation | 81,212 | 110,062 | 157,289 | 197,198 | 221,719 |
| | £622,991 | £789,739 | £1,178,431 | £1,326,?92 | £1,440,204 |

2. Extraordinary Items
Extraordinary items are shown net of taxation and comprise:—

| | 1971 £ | 1972 £ | 1973 £ | 1974 £ | 1975 £ |
|---|---|---|---|---|---|
| Reorganisation Costs | — | — | (15,864) | (19,875) | (4,168) |
| Costs incurred on the cessation of certain activities of subsidiary companies of MAA | — | (1,282) | — | (54,256) | (40,375) |
| | — | £(1,282) | £(15,864) | £(74,131) | £(44,543) |

### 3. Balance Sheets

The summaries below are in respect of MAA as at 30th November, 1970, 1971 and 1972 and the Company as at 30th November, 1973, 1974 and 1975.

| 30th November | MAA 1970 £ | MAA 1971 £ | MAA 1972 £ | The Company 1973 £ | The Company 1974 £ | The Company 1975 £ |
|---|---|---|---|---|---|---|
| FIXED ASSETS (note 1) | | | | | | |
| Equipment on Contract Hire | 286,312 | 421,188 | 648,668 | 985,157 | 1,094,146 | 1,266,848 |
| Other Fixed Assets | 96,330 | 129,324 | 161,341 | 194,919 | 260,779 | 226,642 |
| | £382,642 | £540,452 | £830,009 | £1,080,076 | £1,354,925 | £1,503,316 |
| PREMIUM ON CONSOLIDATION | £4,952 | £4,952 | £4,952 | £307,401 | £309,325 | £315,410 |
| CURRENT ASSETS | | | | | | |
| Debtors | 153,648 | 209,570 | 290,911 | 302,934 | 330,172 | 341,456 |
| Bank and Cash Balance | 4,163 | 9,078 | 4,458 | 47,969 | 4,928 | 14,738 |
| Stock and Work in progress | 64,789 | 105,??6 | 106,497 | 275,414 | 226,475 | 211,921 |
| Bank deposit | — | — | — | 6,008 | — | — |
| | 222,580 | 323,768 | 400,866 | 632,373 | 761,003 | 5?6,095 |
| CURRENT LIABILITIES | | | | | | |
| Creditors | 224,483 | 284,654 | 417,662 | 497,0?2 | 423,828 | 397,496 |
| Current taxation | 47,801 | 36,573 | 17,158 | 17,337 | 3,309 | 3,736 |
| Bank overdraft (secured) | 42,356 | 47,676 | 107,408 | 334,906 | 292,840 | 274,234 |
| Short Term Loans | 13,374 | 152,204 | 334,??? | 55,982 | 141,197 | 61,721 |
| | 328,140 | 571,439 | 876,277 | 625,818 | 855,273 | 961,306 |
| NET CURRENT LIABILITIES | £105,046 | £247,661 | £353,371 | £93,445 | £92,672 | £93,213 |
| RENTALS IN ADVANCE | £20,530 | £59,334 | £125,974 | £137,330 | £213,369 | £231,?99 |
| NET ASSETS | £261,638 | £285,229 | £324,016 | £1,134,272 | £1,237,322 | £1,453,799 |
| *Representing:*— | £ | £ | £ | £ | £ | £ |
| SHARE CAPITAL: The Company | — | — | — | 816,628 | 816,628 | 816,628 |
| MAA | 20,000 | 20,000 | 20,000 | — | — | — |
| Share Premium Account | 2,500 | 2,500 | 2,500 | — | — | — |
| Profit and Loss Account | 56,150 | 105,248 | 166,872 | (33,084) | (9,776) | 52,143 |
| SHAREHOLDERS' FUNDS | 78,650 | 127,748 | 189,372 | 783,574 | 806,852 | 876,771 |
| Investment Grant | 200 | 135 | 98 | — | — | — |
| Deferred taxation (Note 2) | 48,150 | 75,650 | 128,000 | 103,300 | 97,000 | 210,072 |
| Minority Interests | 1,363 | 4,485 | 6,543 | 243 | — | — |
| Loans (Note 3) | 133,175 | — | — | 216,154 | 294,670 | 290,93? |
| Loan Capital | — | — | — | 47,000 | 47,000 | 47,000 |
| | £261,638 | £268,219 | £324,016 | £1,134,272 | £1,237,322 | £1,453,799 |

Notes

1. Fixed Assets

| Fixed Assets at 30th November, 1975 were made up as follows: | Motor Vehicles £ | Plant and Machinery £ | Equipment on Contract Hire £ | Fixtures Fittings Moulds & Jigs £ | Total £ |
|---|---|---|---|---|---|
| Cost | 186,658 | 16,400 | 1,806,635 | 178,342 | 2,188,035 |
| Depreciation | 32,065 | 9,989 | 539,767 | 102,704 | 684,525 |
| Net Book Value at 30th November, 1975 | £154,593 | £6,411 | £1,266,868 | £75,638 | £1,503,319 |

2. Taxation
At 30th November, 1975 there were, subject to the agreement of the Inland Revenue, losses in the Group available against future profits of not less than £750,000.
The balance of deferred taxation of £210,073 at 30th November, 1975 comprised:—

| | £ |
|---|---|
| (A) Deferred by stock relief | 61,621 |
| (B) Deferred by capital allowance less credited in respect of extraordinary items and losses carried forward | 148,452 |
| | £210,073 |

3. Loans
The loans at 30th November, 1975 were secured on rental contracts and were based on a fixed percentage of a multiple of annual rental income repayable over three years.

### 4. Capital and Dividends

Details of the share capital of the Company and MAA during the periods relevant to this report are as follows:—

| | *Authorised* | *Issued and fully paid* |
|---|---|---|
| The Company Ordinary Shares of 10p each | £1,500,000 | £816,628 |
| MAA Ordinary Shares of £1 each | £25,000 | £20,000 |

No dividends have been paid by MAA or the Company during the period of the report.

Yours faithfully,
Binder Hamlyn
Chartered Accountants.

## STATUTORY AND GENERAL INFORMATION

### 1. SHARE AND LOAN CAPITAL

The authorised and issued share capital of the Company is as follows:

| *Authorised* £ | | *Issued and fully paid* £ |
|---|---|---|
| 1,500,000 | in 15,000,000 Ordinary Shares of 10p each | 818,627.80 |

The Company also has outstanding £47,000 of 7 per cent. Unsecured Loan Stock, with interest payable half-yearly on 1st January and 1st July. The Loan Stock does not preclude the Company from making other issues of debentures, debenture stock, loan stock or other obligations, and the Company is entitled at any time upon giving three months' notice to redeem the whole or any part of the Loan Stock at a premium of 5p per £1 nominal of the Loan Stock together with accrued interest.

No share or loan capital of the Company or any of its subsidiaries has been issued for cash or otherwise in the two years preceding the date of this document nor is any capital of the Company or any of its subsidiaries proposed to be issued or under option or agreed conditionally or unconditionally to be put under option, nor have any commissions, discounts, brokerages or other special terms been granted in the two years preceding the date of this document in connection with the issue of any such capital.

Without the prior approval of the shareholders of the Company in General Meeting, no material issue of shares (other than of shares offered initially to shareholders of the Company pro rata to their existing holdings) will be made within one year from the date of this document nor will any issue of shares be made which would effectively alter the control of the Company or the nature of its business.

### 2. DIRECTORS' AND SUBSTANTIAL INTERESTS

The interests (as defined in the Companies Act 1967) of the Directors of the Company in the Ordinary Shares of the Company, all of which are beneficial, are as follows:

| | *Number of Shares* |
|---|---|
| T. V. Buffett | 1,500,000 |
| D. W. Smith | 412,887 |
| K. M. Coupar | 12,000 |
| S. H. J. A. Knott | 25,000 |

Save for the shares of which Mr. Buffett is shown as beneficial owner representing 18.47 per cent. of the issued share capital of the Company and the notification received by the Company on 5th February, 1976, that Hambourne Limited had an interest in 20.05 per cent. of the issued share capital of the Company, the Directors are not aware of any other person holding 10 per cent. or more of the issued share capital.

Senior executives and management personnel in the Group other than Directors of the Company own an aggregate of 386,832 Ordinary Shares.

### 3. SUBSIDIARY COMPANIES

Particulars of the Company's subsidiaries, all of which are private companies engaged in the security alarm business and, unless otherwise stated, incorporated in England and directly or indirectly wholly-owned by the Company are as follows:—

| *Name of Company* | *Date of Incorporation* | *Issued Share Capital* £ |
|---|---|---|
| Modern Automatic Alarms Limited | 5th October, 1964 | 20,000 |
| Modern Automatic Alarms (Instruments) Limited | 13th October, 1971 | 4,000 |
| Automated Security (Equipment) Limited | 17th November, 1939 | 5,750 |
| Security Alarms Limited | 24th March, 1961 | 10,000 |
| *Intruder Alarms Supplies Limited* | 3rd May, 1973 | 2 |
| Sentrycom Systems Limited | 10th March, 1966 | 1,000 |
| Future Communications Limited | 12th May, 1964 | 100 |
| Chavenos Limited | 11th March, 1976 | 100 |
| Modern Automatic Alarms (Northern Ireland) Limited | 14th November, 1969 (Northern Ireland) | 1,000 |
| Associated Telephones (Northern Ireland) Limited | 16th December, 1971 (Northern Ireland) | 100 |
| Modern Automatic Alarms (Ireland) Limited | 6th July, 1971 (Ireland) | 600 |

### 4. ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions *inter alia* to the following effect:

(a) Subject to any special terms as to voting upon which any shares in the Company may be issued or held upon a show of hands or upon a poll every member present in person or by proxy shall have one vote for every share held by him.

(b) There is no share qualification for Directors.

(c) The Directors are entitled to remuneration at the rate of £100 per annum and the Chairman at the rate of £150 per annum. The Company in General Meeting may also vote extra remuneration to the Directors which shall be divided among the Directors as they shall agree, or, failing agreement, equally. Any Director who performs special services for the Company may be paid such extra remuneration as the Directors may determine.

(d) The Directors may borrow or raise from time to time such sums as they think necessary for the purposes of the Company, provided that the outstanding borrowings of the Company shall not, without previous sanction of the Company in General Meeting, exceed four times the nominal share capital of the Company.

(e) No Director shall vacate his office or be ineligible for re-appointment as a Director, nor shall any person be ineligible for appointment as a Director, by reason only of having attained any particular age.

(f) A Director shall not vote in respect of any contract or arrangement in which he is interested but this prohibition shall not apply to any of the following matters namely:—
(i) the giving to a Director of any security or indemnity in respect of money lent by him to or obligations incurred by him for the benefit of the Company;
(ii) any contract by a Director to subscribe for or underwrite shares or debentures of the Company.

### 5. SERVICE AGREEMENTS

Directors of the Company and its subsidiaries have entered into the following service agreements with the Company or its subsidiaries, all for periods of three years with effect from 1st December, 1975, except in the case of Mr. Buffett's which is with effect from 3rd October, 1975:

| *Name* | *Salary* £ | *Company* |
|---|---|---|
| T. V. Buffett | 13,000 | The Company |
| D. W. Smith | 9,000 | The Company |
| D. E. G. Waller | 7,250 | MAA |
| M. J. Hawker | 8,000 | MAA |
| A. E. Bishop | 8,000 | MAA |
| K. H. Hanner | 6,750 | MAA |

Mr. Buffett and Mr. Smith are entitled to commissions of 1½ per cent. and 1 per cent. respectively of the net profits of the Group over £200,000 per annum subject to maximum commissions of £10,000 in the case of Mr. Buffett and one third of basic salary in the case of Mr. Smith. The net profits on which the commissions are calculated stand to be adjusted in the event of any further issues of Ordinary Shares of the Company.

The above service agreements contain provision for increases in salary in line with the increase in the retail price index.

The total emoluments paid to the Directors of the Company for the year to 30th November, 1975, amounted to £22,680 and it is estimated that the amount payable to the Directors of the Company for the current financial period under the arrangements in force at the date hereof will be £26,300.

### 6. MATERIAL CONTRACTS

The following contracts entered into by the Company or its subsidiaries within the two years immediately preceding the date of this document (other than in the ordinary course of business) are or may be material:—

(a) Agreement dated 21st October, 1975, between the Company, MAA, First National Industrial Trust Limited ("FNIT") and others under which the Company paid FNIT £5,000 for the cancellation of an option granted to FNIT to purchase shares in MAA.

(b) Agreement dated 30th March, 1976, between Chavenos ("Chavenos"), a subsidiary of the Company *and Shipton Automation Limited ("Shipton") under which Chavenos agreed to purchase the security* alarm systems business of Shipton and its subsidiaries for a consideration based on the 1976 rentals payable in respect of the systems. The anticipated maximum purchase consideration payable under this agreement is £217,000 of which it is estimated that £150,000 will be satisfied by Shipton's retaining certain of the 1976 rental payments of which they are responsible for the collection. Of the balance, £9,000 was paid in April, 1976, £30,000 has been deferred for payment on 31st January, 1977 (with a commercial rate of interest chargeable) and the balance is payable on 31st July, 1976 and 5th June, 1977.

(c) Agreement dated 29th January, 1976, between the Company and Energy, Finance and General Trust Limited for the provision of financial advisory services for five years at a fee of £5,000 per annum.

### 7. FORECAST

The following are copies of letters which have been received by the Directors of the Company:

(a) From Binder Hamlyn.

8 St. Bride Street,
London EC4A 4DA,
16th June, 1976.

The Directors,
Automated Security (Holdings) Limited

Gentlemen

We have reviewed the accounting bases and calculations which have been used in making the forecast of the profits of Automated Security (Holdings) Limited ("the Company") for the year ending 30th November, 1976, set out in the Advertisement dated 16th June, 1976.

The profit forecast (for which you as Directors are solely responsible) is based on the unaudited management accounts for the four months to 31st March 1976.

In our opinion such profit forecast so far as the calculations and accounting principles are concerned, has been properly compiled by the Board and is presented on a basis consistent with the accounting practices normally adopted for the Company taking into account the assumptions set out below.

1. That the Company's present management and accounting policies will not be changed.
2. That the percentage of rental agreements cancelled will not exceed 2½ per cent. being the average for the last two years.
3. That the results will not be adversely affected by industrial disputes within the Company or any of its subsidiaries.
4. That interest rates will not change materially.
5. That employment costs currently in operation in the Company will continue in accordance with the voluntary incomes policy proposed by the Government.

Yours faithfully,
Binder Hamlyn
Chartered Accountants.

(b) From Energy, Finance and General Trust Limited.

61 Cheapside
London EC2V 6AX
16th June, 1976

The Directors
Automated Security (Holdings) Limited.

Gentlemen

We refer to the section on profits, prospects and dividends set out in the advertisement dated 16th June, 1976. We have examined the assumptions upon which the forecast for the year ending 30th November, 1976 has been made.

We have also considered the letter dated 16th June 1976 from Binder Hamlyn, Chartered Accountants, to Automated Security (Holdings) Limited, regarding the accounting bases and calculations.

On the basis of the assumptions made by you and on the basis of the accounting bases and calculations used, we are of the opinion that the forecast, for which the Directors of Automated Security (Holdings) Limited are solely responsible, has been prepared with due care and consideration.

Yours faithfully,
for Energy, Finance and General Trust Limited.
E. D. Barkway,
Chairman.

### 8. WORKING CAPITAL

Having regard to the facilities available to it the Directors consider that the Group has sufficient working capital for its present requirements.

### 9. GENERAL

(a) *No Director of the Company has had any interest, direct or indirect, in the promotion of or in any* assets which have been, within the two years preceding the date hereof, acquired or disposed of by or leased to the Company or any of its subsidiaries or proposed to be so acquired, disposed of or leased and no Director of the Company has any material interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

(b) Neither the Company nor any of its subsidiaries has any litigation or claim of material importance pending or threatened against it.

(c) The Directors of the Company are of the opinion that the Company is not a close company as defined by the Income and Corporation Taxes Act, 1970 as amended.

(d) Binder Hamlyn and Energy, Finance and General Trust Limited have given and have not withdrawn their written consents to the issue of this document with the inclusion of their respective reports or letters and the references to their names in the forms and contexts in which they appear.

(e) The expenses of the application for admission of the Ordinary Shares of the Company to the Official List, including the printing and despatch of this document and other charges arising out of the application to the Council of The Stock Exchange, will be paid by the Company and are estimated to amount to approximately £26,000 exclusive of Value Added Tax. Mr. Knott is a partner of Greene & Co. who will be receiving a fee for services rendered in connection with the application for the listing.

### 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, *Bank* and *Public* holidays excepted) for the period of fourteen days from the date hereof at the offices of Clifford-Turner, 11, Old Jewry, London EC2R 8DS:—

(a) the Memorandum and Articles of Association of the Company;
(b) the Deed constituting the Loan Stock of the Company;
(c) the audited consolidated accounts of the Company and its subsidiaries for the two years ended 30th November, 1974 and 30th November, 1975;
(d) the report of Binder Hamlyn (together with their statement of adjustments);
(e) the letters relating to the profit forecast and the letters of consent of Binder Hamlyn and Energy, Finance and General Trust Limited referred to above; and
(f) the service agreements and material contracts referred to in paragraphs 5 and 6 above.

Dated 16th June, 1976.

# Dividend hint from Hoechst

BY NICHOLAS COLCHESTER BONN, June 15.

SHAREHOLDERS in Hoechst, the largest West German chemical company, heard a further strong hint to-day that they could expect their 1976 dividend to be raised from the DM7 per share for 1975 to which it was cut as a result of the recession.

The chairman, Dr. Rolf Sammet, told the annual meeting that it was already clear that Hoechst's profit would exceed the 1975 figure in 1976, even if the second half of the year did not live up to expectations. He added that the management's dividend policy would be as flexible upwards as it had been downwards.

In the first five months the world turnover rose by 8.5 per cent. to DM9.4bn., with sales of the domestic companies rising 14 per cent. to DM3.2bn. Turnover of overseas subsidiaries went up by 6 per cent. to DM6.2bn.

The five months' sales figure for the parent company, Hoechst AG, showed an increase of 13.7 per cent. to DM3.994bn., with export sales up by 18 per cent. to DM2.05bn. Thus, in this period of recovery from recession Hoechst's export sales from its home base are expanding faster than the sales of its overseas subsidiaries.

# VAW optimistic about aluminium

BY NICHOLAS COLCHESTER BONN, June 15.

DESPITE a poor year in 1975, the management of VAW, the largest West German aluminium producer, views the future with a certain optimism. Dr. Rudolph Escherich, the chairman, told the press that he hoped VAW would break even in 1976 and that the competitive position of the German aluminium industry was improving.

## Net losses

In 1975, VAW, which is owned via a holding company by the state, made a net loss of DM51m. Its operating loss was, in fact, DM120m. to which the raw aluminium side contributed DM10m., the semi-finished products division DM90m., and the fabricating division DM20m. Both the latter contributions were increased by shut-down costs.

VAW's short-term optimism is based on the upturn in aluminium demand that the economic recovery is bringing with it. Thus VAW, which accounts for about half of the aluminium produced in Germany, increased its deliveries in the first five months by 50 per cent. to 150,000 tons of raw metal. Its orders for semi-finished products over the same time span were 70 per cent. higher than in 1975.

On this basis Dr. Escherich said he hoped that the second half's profit would cancel out the losses that VAW has continued to incur in the first half of this year. He also expected a normalisation of the company's aluminium stocks which were swollen by some 50,000 tons to 91,000 tons at the end of last year, as a result of excess production through the recession.

## Alufinance stocks

The chairman revealed that of this 91,000 tons, some 31,000 were lodged with Alufinance, the Jersey-based company which is owned by the world's leading aluminium manufacturers and which finances part of their stock building on a sale-and-repurchase basis. He estimated that 0.2m. tons of aluminium were on this company's books at the end of the year.

Dr. Escherich's long-term optimism was based on the theory that VAW's major North American competitors were losing their cost advantage as bauxite suppliers, as the supplying countries levied increasing royalties on the export of the ore.

He also suggested that new awareness of the scarcity of energy and the cost of building new energy-producing facilities would level out the energy cost advantage that these same competitors have had through supplies of hydro-electricity. So, while he saw little likelihood of West Germany's aluminium producing capacity expanding in coming years, he expected the existing capacity to be well used.

# State aid for private sector in Belgium

BY DAVID CURRY. BRUSSELS, June 15.

THE BELGIAN Government has submitted for parliamentary approval a Bill which would make State aid available under strict conditions for companies facing bankruptcy.

It would enable a trade court, upon application from the company, unions, shareholders or regional bodies, to appoint a special commissioner to act as company doctor.

To qualify for such special assistance a company would have to be sufficiently important on a regional or national level for it to be worth saving; it would have to employ at least 50 people; and would have to be capable of getting over its problems within three years.

The measure is designed to amend the present position in which a company in financial trouble has either to seek an arrangement with its creditors, or declare bankruptcy.

This is one of a number of measures the Government has adopted to face the structural problems which have afflicted industry during the recession. Recently Parliament approved the creation of a public holding company to expand the volume of State investments in industry.

The means chosen was to beef up the old Société Nationale d'Investissement of 1962 which had the task of promoting the creation, reorganisation and extension of industrial and commercial enterprises by subscribing new capital on a temporary basis.

By the end of its last financial year this company had some B.Frs.5.1bn. in paid-up capital and a portfolio of some B.Frs. 4.336bn. In its new guise it will have B.Frs.10bn. in capital and wide cash-raising powers. It will be totally State-owned, but private sector representatives will play a crucial role on the governing body.

The Government is very anxious not to let the new unit become a hospital for lame ducks and while the private financial sector has been outraged by its creation on the grounds that it usurps the function of private capital, the industrial sector is much more receptive to the idea.

It is believed that the first target of the new holding company is likely to be participation in the proposed oil pipeline from Antwerp to the Belgian and Dutch provinces of Limburg, and then on to Liege.

# Substantial trading losses expected from Saleninvest

BY WILLIAM DULLFORCE STOCKHOLM, June 15.

SALENINVEST, the Swedish shipping concern which has just sold a 51 per cent. interest in its Goetaverken shipyard to the state, expects to make a substantial operating loss this year but to show a net profit after the sale of ships and the income from the Goetaverken disposal.

The final accounts for 1975, delayed until Parliamentary approval had been obtained for the shipyard sale, confirms last week's announcement of pre-tax earnings of KR64m. (£8m.) and a net loss of KR6.3m. on a turnover of KR1.82bn. (£228m.), which excludes any Goetaverken contribution. The sale of ships accounted for KR47.7m. last year.

At present it has 11 tankers laid up, three sailing on charters which expire this autumn and two waiting for cargoes. The management anticipates a heavy loss from its tankers this year but sees prospects of improvement in its dry cargo and reefer trade. Its reefer hopes could be upset by the financial troubles of Maritime Fruit, from which it leases a number of vessels on long-term contracts.

Last year Saleninvest increased its borrowings heavily, the long-term debt rising from Kr.529.6m. to Kr.970.7m., while interest costs increased from Kr45.8m. to Kr66.3m. and interest income fell from Kr.37.4m. to Kr.21.5m. The import of cars which had previously been financed from internal resources, was covered by loans and credits. The borrowings left the company at the end of the year with cash in hand of Kr303m. against Kr146.7m. a year earlier.

The final report underlines the difficulties of Swedish shipping in meeting payroll costs which have doubled since 1973. It also points out that Swedish companies, 85 per cent. of whose traffic does not touch Sweden, must establish themselves abroad, if they are to ward off the threat from the UNCTAD code, which provides for an increased share of trade to be carried in nationally owned vessels.

# Overseas boost for Varta

BY GUY HAWTIN

WEST GERMANY'S leading battery producer was still feeling the draught in the domestic market in the first five months of the current year. The Varta group is still turning in a creditable growth rate, however, with turnover boosted by overseas business and its two West German subsidiaries.

At the five-month point, Varta's world turnover was 15.8 per cent. up on the previous year's January to May performance, to reach DM812.7m. (173m.). When the three new Milupa overseas operations are excluded, the growth rate was 11 per cent..

In the battery manufacturing sector, world turnover rose by 8.1 per cent. However, reduced demand in the consumer goods sector and continued weakness in the capital goods industry, led to something less than a sparkling performance at home. The domestic battery operation's turnover rose by only 1.3 per cent.

Busch-Jaeger, the cosmetics, pharmaceuticals, baby food and diet food subsidiary, showed a 27.9 per cent. world growth. Performance of the home concern also lagged behind that of overseas operations, with home turnover rising by 14.9 per cent.

CEAG, the electrical and air cleansing subsidiary, pushed world turnover up by 16.4 per cent. —exactly the same rate as the increase in domestic turnover —while world and home turnover of Varta Plastic went up by 34 per cent., benefiting from an upturn in orders from the motor industry.

Hans Graf von der Goltz, Deputy Chairman of Varta's Executive Board said that the concern — a major industrial holding company in the Quandt group — was expecting 1976's turnover to top DM2bn. Last year sales totalled DM1.88bn.

Profits, said the Count, were again expected to be satisfactory. Group net profits for 1975 totalled DM34.8m. compared with the previous year's DM31.5m. Shareholders will for 1975 receive an unchanged dividend of 14 per cent., or DM7 per DM50 nominal share.

# Kellogg and Tropicana split again

June 15.

THE KELLOGG Company and Tropicana Products, two of America's largest breakfast food companies, have broken off merger talks which were announced on May 19. The merger would have been worth a market value of more than $300m. Mr. Rossi, President of Tropicana, felt it was not "convenient" for either company and the negotiations just tapered off.

This is the second time that the negotiations have been dropped. Tropicana has made it clear that it will not look for another merger partner and that the companies have a very high mutual regard. The "chemistry was not right" and they would both prefer to stand alone. Kellogg had "no comment."

## NJA Kr.138m. loss

NORRBOTTENS JARNVERK (NJA), the State-owned Swedish steel company, reports a loss of Kr.138m. (£17.25m.) for the first four months of the year. The loss, even greater than the Kr.120m. indicated in reports from the company's Lulea headquarters last week, is due primarily to the collapse of the market for ship's profiles, which make up half NJA's output. The management anticipates a loss for 1976 as a whole of Kr.300-400m. (£38-50m.) or around double last year's loss of Kr.180m. But Mr. Per Olof Bohman, the new managing director, believes that the commercial steel market has passed the bottom of the trough and anticipates better prices and new orders in the last four months of the year.

## Reliance issue

RELIANCE INSURANCE Company announces that it has filed a registration statement with the Securities and Exchange Commission relating to a proposed public offering of 2m. shares of non-convertible, sinking fund, series "A" Cumulative Preferred stock.

## Hypotheciare listing

BANQUE HYPOTHECIARE Européenne was introduced on to the Paris bourse at Frs.264, the Paris brokers association said.

The shares were offered at a minimum price of 260 and about 160,000 shares were allotted at the introduction price to people who offered between 264 and 319 Francs per share, Reuter reports from Paris.

## Elastic timing

NV RUBBER Cultuur Mij Amsterdam said it will ask shareholders at the annual meeting on June 30 to allow it to delay presenting its 1975 accounts, Reuter reports from Amsterdam.

The company said it expects to announce a net loss of almost 4m. guilders for 1975 (2.6m. loss in 1974).

## Kansai takes off

KANSAI PAINT, which said it developed a new electro-deposition painting technology, rose Y50 to Y350 yesterday, Reuter reports from Tokyo.

# Revlon stays on bid trail

BY JAY PALMER NEW YORK, June 15.

PROPOSING its second acquisition in less than a week, Revlon has stepped in and agreed to take over Barnes-Hind Pharmaceuticals following the collapse of that company's merger talks with Syntex. The deal, which extends Revlon's diversification away from cosmetics, values Barnes-Hind at nearly $45m.

Last week Revlon purchased Bozzano S.A., a Brazilian cosmetics manufacturer, for about $20m. in cash. Last year its acquisitions included Coburn Optical, Norcliff Laboratories, Meloy Laboratories and the West German operation of ICN Pharmaceuticals.

Barnes-Hind is best known for its extensive range of contact lens accessory fluids but it also makes prescription ophthalmic products as well as dermatological and radiological pharmaceuticals. In the company's nine months to March, it reported record earnings of $24m. on sales of $313.3m.

Mr. Michael Bergerac, Revlon's chairman since 1974 and the architect of its diversification, said that Barnes-Hind would become part of the company's pharmaceutical division.

In 1975, Revlon posted record earnings of $82.6m. on record sales of $749.8m. The sharp gain in both sales and earnings posted that year stemmed principally from the cosmetics side where both domestic and overseas business was well up. The pharmaceutical side (which clearly the Barnes-Hind purchase is aimed at revitalising) showed relatively poor domestic sales growth.

# Radical changes at Stinnes

BY OUR OWN CORRESPONDENT FRANKFURT, June 15.

HUGO STINNES, West Germany's largest trading and transport concern, is going through a period of radical change. Plans are in hand for a major build-up of its overseas interests, while, after 10 years of diversification, a weeding-out operation is under way at home.

Dr. Guenter Winkelmann, the concern's chief executive, said that the management was assessing the group's operations with regard to each section's market standing and profitability prospects. The review could lead to certain branches being earmarked for disposal.

It appears that the group's shipyard business and its heating, air-condition and household technology sector are among the candidates for being sold off or exchanged. Dr. Winkelmann said that it was possible that, in certain sectors, exchange deals could be made with the large Raab Karcher concern, which also operates in the trading and services field.

Stinnes, which is owned by the federal republic's energy giant Veba, already has substantial overseas interests. It is now an important part of its commercial policy to strengthen these even further.

The concern—to be known in future as plain "Stinnes AG" — owns foreign subsidiaries which last year contributed DM1.2bn. to the group's DM8.5bn. (£1.81bn.) turnover. Total international business in 1975 amounted to about DM3bn.

The main target areas for the overseas expansion in trading and transport will be the Middle and Far East, as well as Mexico and Brazil. Stinnes is also hoping to strengthen its links with the planned economy nations. East European trade accounted for between DM700m. and DM1bn. of the group's turnover last year.

In the first four months of 1976, group turnover rose by 13.1 per cent. from DM2.69bn. to DM3.05bn. Growth was entirely home-based with domestic turnover up 15.5 per cent. to DM2.66bn. and overseas turnover down 0.8 per cent. at DM394m.

Veba, which guarantees the Stinnes independent shareholders an 18 per cent. dividend, should be pleased with the news from the earnings front after last year's heavy decline in profits. The profits outlook, said Dr. Winkelmann, was satisfactory with most sources of losses well under control. The construction materials sector was expected to break even, the steel merchanting business was back in profit, and shipyard losses were likely to be far lower than in 1975.

The management was optimistic that 1976's profits would be substantially better than 1975's net of DM19.1m. while the group had generally weathered the recession well, turnover fell back by 6.8 per cent. in 1975 from the previous year's DM9.09bn. to DM8.48bn., while net earnings were more than halved from the previous year's DM52m.

Investment in 1975 totalled DM182.2m.—up from the previous year's DM154m. Depreciation amounted to DM112.9m. against DM104.2m. in 1974. Over the next five years, Stinnes is planning to invest an annual average of DM180m. in capital assets and DM20m. on acquisitions.

# Record new business by Aust. Mutual Provident

BY ERIC SHORT

RECORD NEW business was transacted last year by the Australian Mutual Provident Society, with new sums assured rising by 25 per cent. to $A5.5bn., providing annual premiums of $A120m.

About half this business arose from individual contracts, including policies under the Self-Employed Persons and Personal Superannuation Funds, where growth in 1975 was 70 per cent. Sir Vincent Fairfax, in his chairman's address, pointed out the importance of this type of business which enabled self-employed persons to make pension provision and enjoy certain tax concessions.

Total premium income and net investment income both increased by 11.5 per cent. during the year to $551m. and $226m. respectively. Claims, however, were 20 per cent. higher at $341m. and expenses amounted to $112m. against $98m. The insurance funds at the end of 1975 stood at $3.75bn. compared with an adjusted value of $3.41bn. at the beginning.

Sir Vincent referred to the continuing adverse features of the Australian investment scene during 1975. He welcomed the recovery in the share market, so that once again the market value of AMP's portfolio exceeded its book value.

But there was a very low level of demand for funds for new capital investment by industry and a lack of any evidence of economic recovery.

The Society had continued to invest substantial amounts of its funds in property Sir Vincent stated, with the emphasis being on purchasing fully let buildings and on the completion of developments commenced earlier. Only a few new developments had been undertaken.

## BOND MARKET ROUND-UP

# Surprise move by Bell Canada

FINANCIAL TIMES REPORTER

IN the group's first ever capital market financing outside the North American continent, Bell Canada has launched a U.S.$60m. ten year Eurobond issue. The indicated coupon is 8¾ per cent. and the lead manager Union Bank of Switzerland (Securities).

Bell is rated triple-A in Canada and double-A in the United States. The proceeds of the current Eurobond issue will be put towards part of Bell Canada's expenditure on expansion and improvement of its telecommunications system. But it is felt in Europe that since the company could have raised the money on no less favourable terms on either the Canadian or the American capital markets, the real purpose of the issue is to make its name known in a new capital market.

Also new in the market is a $30m. floating rate issue for Banque de l'Indochine et de Suez. It offers a quarter of a point above LIBOR throughout the five-year maturity with a minimum guaranteed rate, expected to be 8 per cent. for the first year. Lead manager is Morgan Stanley.

Two issues closed yesterday. Dai Ei's $30m. convertible was priced at par after having its coupon cut from the indicated 6¼ per cent. to 6 per cent. The conversion premium was fixed at 7.82 per cent. over the June 15 closing price of Yen 1,190. The U.S. exchange rate has been fixed at Yen 300 per U.S. dollar. Holders have the option to redeem their bonds on 28 February, 1981 at 113 per cent.

The Crédit Foncier Franco Canadien issue has been increased in amount from Can$20m. to Can$25m. The issue was priced at par on a 9¼ per cent. coupon.

Expected soon in the D-mark sector is a DM100m. issue for the European Investment Bank. The issue has not yet been officially announced, but it is believed that Deutsche Bank would be the lead manager. The issue will be outside the DM440m. quota which is operating this month.

The Japanese company Synthetic Rubber Co is planning a DM40m. private placement in Germany next month, Reuter reports from Tokyo.

Euromarket sources confirmed yesterday that discussions are taking place between major banks and the Spanish Government on the possibility of a Eurocurrency medium term financing amounting to up to $1bn. The big U.S. and European banks may be expected to be involved, the sources suggested, together, possibly, with Middle East-linked banks.

Conditions are relatively easy in the syndicated lending sector of the Euromarket, the sources said, and this makes it possible that a loan in the name of the Kingdom of Spain could command a margin over inter-bank rates of less than 1½ percentage points on a five-year maturity.

## Esselte beats its forecast

By Our Own Correspondent STOCKHOLM, June 15.

ESSELTE, the Swedish office equipment, packaging and printing conglomerate, has beaten its forecast of unchanged earnings for the financial year ending March 31 by 14.7 per cent. The pre-tax profit was Kr.86m. (£11m.) against Kr.75m. for the previous year after an 18 per cent. growth in turnover to Kr. 1.53bn. (£196m.).

The return on capital employed, pre-tax, was 10.4 per cent. against 9.7 per cent. in the previous year, a further step towards the management's declared target of a 14 per cent.

## SELECTED EURODOLLAR BOND PRICES
### MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Aquitaine 10pc 1985 | 104 | 105 |
| Ashland 8pc 1987 | 95½ | 96½ |
| Austraswiss 8pc 1987 | 93 | 94 |
| B.F.C.E. 8½pc 1983 | 99½ | 100½ |
| CNE 9½pc 1987 | 100 | 101 |
| Conoco 8pc 1984 | 98½ | 99½ |
| F.C.S. 9½pc 1986 | 100½ | 101½ |
| E.I.B. 9½pc 1985 | 101¼ | 102¼ |
| Ernp 9½pc 1985 | 101½ | 102½ |
| Esso 8pc 1986 Nov. | 100½ | 101 |
| Eurofima 8¾pc 1985 | 98½ | 100 |
| Grangea 9½pc 1982 | 101 | 102 |
| Massey 9¾pc 1982 | 103 | 104 |
| Michelin 9½pc 1988 | 100 | 100½ |
| Modo 9¾pc 1982 | 100 | 100¾ |
| Newfoundland Labrador 9¾pc 1986 | 103 | 103½ |
| New Zealand 8¾pc 1982 | 103½ | 103¾ |
| Norpipe 9¾pc 1986 | 100 | 100½ |
| Norsk Hydro 9½pc 1986 | 101 | 101½ |
| Oslo 9pc 1988 | 99½ | 100½ |
| Pacific Light 8pc 1983 | 93½ | 94½ |
| Prov. Quebec 9pc 1984 | 100¼ | 101¼ |
| Scaurall 8¾pc 1988 | 99½ | 100½ |
| SFE 8pc 1983 | 100½ | 101 |
| Shell 8pc 1986 | 98½ | 99½ |
| Standard Oil (Ind.) 8¾pc '78 | 103 | 104 |
| Svenska Handels 9¾pc 1986 | 101 | 101¾ |
| Volvo 9½pc 1983 | 101½ | 102½ |
| NOTES | | |
| Barclays 8½pc 1982 | 101½ | 102½ |
| British Gas 9pc 1981 | 99½ | 100½ |
| Charbonnages France 9¾pc 1981 | 98½ | 99 |
| Denmark Mort. Bk. 9pc '83 | 100 | 100½ |
| E.C.S. 9½pc 1981 | 100¼ | 101¼ |
| E.E.C. 9½pc 1981 | 100½ | 101½ |
| Electricity Council 8½pc '81 | 98½ | 100 |
| Montreal 9¾pc 1983 | 102 | 102½ |
| Nippon Steel 9½pc 1980 | 101½ | 102 |
| Norway 8¾pc 1981 | 100¼ | 101¼ |
| Prov. Quebec 9¾pc 1981 | 100½ | 101½ |
| Seagram 9pc 1983 | 101¾ | 102¾ |

Source: White Weld Securities, London.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¾pc '87 | 79 | [illegible] |
| Ashland 5pc 1988 | 93 | [illegible] |
| Beatrice Foods 4¼pc 1992 | 95½ | [illegible] |
| Beatrice Foods 4½pc 1992 | 111 | [illegible] |
| Borden 5pc 1992 | 93½ | [illegible] |
| Broadway Hale 4¾pc 1987 | 74½ | [illegible] |
| Canon Camera 7pc 1989 | 146 | [illegible] |
| Carnation 4pc 1987 | 78 | [illegible] |
| Chevron 5pc 1988 | 117½ | [illegible] |
| Dart 4½pc 1987 | 77 | [illegible] |
| Eastman Kodak 4½pc 1988 | 116½ | [illegible] |
| Economic Labs. 4½pc 1987 | 76½ | [illegible] |
| Fed. Dept. Stores 4½pc '85 | 107½ | [illegible] |
| Firestone 5pc 1988 | 85 | [illegible] |
| Ford 5pc 1988 | 97 | [illegible] |
| Ford 6pc 1986 | 85 | [illegible] |
| General Electric 4¼pc 1987 | 89½ | [illegible] |
| Gillette 4¾pc 1987 | 75 | [illegible] |
| Gould 5pc 1987 | 94½ | [illegible] |
| Gulf and Western 5pc 1988 | 101 | [illegible] |
| Harris 5pc 1992 | 86 | [illegible] |
| Honeywell 6pc 1986 | 92½ | [illegible] |
| ITT 4½pc 1987 | 73 | [illegible] |
| Komatsu 7½pc 1990 | 104½ | [illegible] |
| J. Ray McDermott 4¾pc '87 | 147½ | [illegible] |
| Mitsubishi Elec. 7pc 1991 | 104½ | [illegible] |
| Mitsui 7¼pc 1990 | 100 | [illegible] |
| J. P. Morgan 4½pc 1987 | 117 | [illegible] |
| Nabisco 5½pc 1988 | 92 | [illegible] |
| Owens Illinois 4½pc 1987 | 101½ | [illegible] |
| J. C. Penney 4½pc 1987 | 79 | [illegible] |
| Pioneer 6½pc 1989 | 310 | [illegible] |
| Revlon 4½pc 1987 | 101 | [illegible] |
| Reynolds Metals 5pc 1988 | 84½ | [illegible] |
| Sperry Rand 4¾pc 1987 | 97 | [illegible] |
| Squibb 4¾pc 1987 | 74½ | [illegible] |
| Texaco 4½pc 1988 | 77 | [illegible] |
| Toshiba 6½pc 1990 | 111½ | [illegible] |
| Union Carbide 4½pc 1982 | 119½ | [illegible] |
| Warner Lambert 4¾pc 1987 | 87 | [illegible] |
| Warner Lambert 4½pc 1988 | 79½ | [illegible] |
| Xerox 5pc 1988 | 77½ | [illegible] |

Source: Kidder, Peabody Securities.

# COMPANY NOTICES

## GM

BEARER DEPOSITARY RECEIPTS

## GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 26th May, 1976, NOTICE is now given that the following distribution will become payable to AUTHORISED DEPOSITARIES on and after the 15th June, 1976, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

| | |
|---|---|
| GROSS DISTRIBUTION PER UNIT | 5.50 CENTS |
| LESS 15% U.S. WITHHOLDING TAX | 0.825 CENTS |
| | 4.675 CENTS PER UNIT |
| CONVERTED at $1.777 = | 2.630 PENCE PER UNIT |

Barclays Bank Limited,
Securities Services Department,
54 Lombard Street, EC3P 3AT.

16th June, 1976

### RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared payable to shareholders registered in the books of the undermentioned companies at the close of business on 25th June, 1976, and to persons presenting the appropriate coupons detached from bearer share warrants. The dividends on share warrants to bearer will be paid in terms of a notice to be published later by the London Secretaries of the Companies.

The dividends are declared in South African currency and the rate of exchange at which the dividends will be converted into United Kingdom currency for payment of dividends from the office of the London Secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 28th June, 1976 on which foreign currency dealings are transacted.

On or about 3rd August, 1976, warrants will be despatched by the transfer office in Johannesburg to addresses in Africa south of the Equator and from the share transfer office of the London Secretaries to addresses elsewhere. Unless instructions which will necessitate an alteration in the office from which payment is to be made are accepted by the companies on or before 25th June, 1976, payment will be made in accordance with existing instructions. Any request by shareholders for a change in the office of payment from within to outside the Republic will require the approval of the South African Exchange Control authorities. Other changes of instructions to apply to these dividends must be received by the companies not later than 19th July, 1976.

In terms of the South African Income Tax Act No. 58 of 1962, (as amended) Non-Resident Shareholders' Tax of 15% will be deducted by the companies from dividends payable to shareholders whose addresses appear in the share registers of the companies as being outside the Republic of South Africa on the date on which the books are closed for purposes of the dividends.

The register of members of each company will be closed from 26th June to 4th July, 1976, both days inclusive.

| Name of Company (Each Incorporated in the Republic of South Africa) | Dividend Number | Coupon Number | Amount Per Share: South African Currency cents |
|---|---|---|---|
| Blyvooruitzicht Gold Mining Company Limited | 61 | — | 30 |
| East Rand Proprietary Mines, Limited | 113 | 114 | 5 |

DURBAN ROODEPOORT DEEP, LIMITED

The Board has decided not to declare an interim dividend for the half-year ending 30th June, 1976.

By Order of the Boards,
D. F. L. WATTS
Administrative Manager and Secretary

SECRETARIES OF THE COMPANIES IN THE UNITED KINGDOM:
Charter Consolidated Limited,
40 Holborn Viaduct,
London EC1P 1AJ.

UNITED KINGDOM REGISTRARS AND TRANSFER AGENTS:
Charter Consolidated Limited,
P.O. Box 102
Charter House,
Park Street,
Ashford, Kent,
TN24 8EQ.

15th June, 1976.

### ESTATES AND FARMS

**MALDON ESSEX**

**250 ACRE RIVERSIDE GRASS FARM**

Fully drained and suitable for arable cropping together with 103 ACRES OF SALTINGS AND PLANNING CONSENT FOR FARMHOUSE. Pair of 1971 cottages and extensive modern buildings including 154 cow cubicles, 8/16 herringbone milking parlour. Across covered yard and 180' x 65' concrete feeding area with silage clamps for 1,500 tons together with traditional Essex buildings. Long river frontages providing ideal opportunities for sailing and wildfowling.

AUCTION 23 JULY 1976
NIPSELLS FARM, MAYLAND.

Abbott
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The James Abbott Partnership,
69 Duke Street, Chelmsford.
Tel: 62464

Glasgow Airport 5 miles
Glasgow 13 miles

RENFREWSHIRE
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AN EXCEPTIONAL GEORGIAN COUNTRY HOUSE

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GLENTYAN HOUSE, dating from the 18th century.
4 Reception Rooms, 8 Bedrooms,
4 Bathrooms, Dressing Room,
2 Attic Rooms, 2 Staff Bedrooms.
Oil-fired Central Heating.
Two lodges and Cottage.
Tennis Court.

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CHEESEMAN & EDWARDS LTD.
PERSONAL ATTENTION AND PROMPT DELIVERY OF NEW AND USED MODELS
HIGH ST., CATERHAM HILL
TEL. CATERHAM 42964

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EVE, 189 Regent St. 734 0557. A la carte or All-in Menu. Three spectacular Floor Shows 10.45, 12.45, 1.45 and music to Johnny Hawkesworth and Friends.

GARGOYLE, 69 Dean Street, London, W.1. STRIPTEASE FLOORSHOW SEX UNLIMITED. Show at midnight and 1 a.m. Hostesses. Monday-Friday. Closed Sat. 437 6455.

THE GASLIGHT—You will feel at ease with your valued clients at London's discreet Gentleman's Night Club. Frequent quality Cabaret Spots, good service, charming company in a friendly atmosphere. All Credit Cards welcome. Open Mon. to Sat. incl. Visitors cover charge £3.00. No membership for out of town or overseas visitors. 4 Duke of York Street, St. James's, London, S.W.1. Tel. (day) 734 1071 (after 6 p.m.) 930 1648.

### RESIDENTIAL PROPERTY

A PENTHOUSE FLAT IN THE CITY
LONG LEASE FOR SALE
£89,000

An outstanding maisonette with good terraces situated on the top of two floors of a small modern block of flats in Warwick Lane E.C.4

3 BEDROOMS, 2 BATHROOMS, 3 RECEPTION ROOMS, SUN ROOM, KITCHEN with independent central heating, air conditioning, stereo throughout, many telephone lines including direct EXTEL line to information services and private car parking.

Hampton & Sons
6 Arlington Street, London SW1A 1RB.
Tel: 01-493 8222. Telex 25341.



### JAPANESE GOVERNMENT STERLING LOANS

The Bank of Tokyo, Limited, are instructed by the Japanese Government to announce that Coupon No. 25 due 30th June 1976 from Bonds of the JAPANESE GOVERNMENT 6% LOAN 1983/88 will be paid on and after 30th June 1976.

They should be presented for payment at The Bank of Tokyo Limited, 20/24, Moorgate, London, EC2R 6DH, listed on the forms provided between the hours of 10.0 a.m. and 2 p.m. They must be left at least five clear days for examination prior to payment.

In accordance with the Exchange Control Act, 1947, coupons can only be accepted from and paid to an Authorised Depositary.

Coupons cannot be accepted through the post.

For THE BANK OF TOKYO LIMITED,
T. NAGAMURA,
Director and General Manager,
London Office.

16th June, 1976.

### LUXAM TRUST S.A.

société anonyme
Registered Office:
LUXEMBOURG
14, Rue Aldringen

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

THE ANNUAL GENERAL MEETING of Shareholders of Luxam Trust S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen on July 2nd, 1976, at 3 p.m. for the purpose of considering and voting upon the following matters:

(1) To hear and accept the reports of:
a. the directors
b. the statutory auditor.

(2) To approve the balance sheet and the profit and loss account for the year ended March 31, 1976.

(3) To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1976.

(4) To elect the directors to serve until the next annual general meeting of shareholders.

(5) To elect the auditor to serve until the next annual general meeting of shareholders.

(6) Decision to suspend the publication of quarterly reports to the shareholders.

(7) Miscellaneous.

The shareholders are advised that no quorum for the statutory meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting.

EXTRAORDINARY MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders will be followed by an Extraordinary General Meeting of Shareholders to be held at the same place and date at 15.30 hours for the purpose of voting upon the following matters:

(1) To consider the amendment of Article five of the Articles of Incorporation by reducing the par value per share from five United States Dollars (5 $ U.S.) to one United States Dollar fifty cents (1.50 $ U.S.), thereby reducing the corporate capital from two million five hundred thousand United States Dollars (2,500,000 $ U.S.) to seven hundred and fifty thousand United States Dollars (750,000 $ U.S.) and to transfer the amount of one million seven hundred and fifty thousand United States Dollars (1,750,000 $ U.S.) by which the corporate capital is reduced to extraordinary reserve, thereby increasing the extraordinary reserve from two million five hundred thousand United States Dollars (2,500,000 $ U.S.) to four million two hundred and fifty thousand United States Dollars (4,250,000 $ U.S.) such increased extraordinary reserve to be available for application in the repurchase of shares of the Company six months after the publication of the Resolution of the shareholders in the Mémorial of the Grand Duchy of Luxembourg.

(2) To approve the amendment of the articles of incorporation of the company by the addition of the following phrase to article 17 of the said articles: "Or for setting off against realized or unrealized losses of the corporation." Following this amendment article 17 will read as follows: "The board of directors may create such reserves from time to time as it thinks proper, apart and aside from the reserves required by law, and shall create an extraordinary reserve from funds received by the Corporation as issue premiums on the sale of its shares, which reserve or reserves may be used to provide for the payment for any shares of the Corporation that the Corporation may redeem and repurchase from its shareholders, or for lending to or guaranteeing the obligations of any subsidiary which may be engaged in the purchase of shares of the Corporation, or for setting off against realized or unrealized losses of the corporation."

Resolutions on the agenda of the Extraordinary General Meeting will require that at least 50 per cent of the total issued and outstanding capital are represented at the meeting. Should such quorum not be reached, a second meeting would then be convened not earlier than a month later. At such postponed meeting no quorum will be required. In both extraordinary meetings, a majority of two thirds will be required for resolutions on the items of the agenda.

In order to take part at both the above meetings of July 2nd, 1976 the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:
—Banque Générale du Luxembourg, S.A. LUXEMBOURG.
—The Mercantile Investment Trust Limited
Winchester House, 77, London Wall, LONDON E.C.2.

### SOCIETE D'ELECTRICITE (SODEC)

Société anonyme in liquidation
Registered Office: 165, Grand'Rue, Luxembourg.
Companies Register Number: B.3471

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders will be held on Friday, 2nd July, 1976, at 11 a.m. at the Hôtel Kons, 24 Place de la Gare, Luxembourg.

AGENDA:
Report of The "College" of Liquidators on the progress of the liquidation.

In accordance with Article 30 of the Company's By-Laws, Shareholders wishing to attend this Meeting must, if their shares are in bearer form, deposit such shares at least five clear days before the date of the Meeting, i.e. by 26th June 1976, at the latest, at one of the banks named hereunder, during their normal hours of business—

In London:
Banque Belge Ltd.
4 Bishopsgate, E.C.2.
Barclays Bank International Ltd.,
152, Upper Thames Street, E.C.4.
Midland Bank Ltd., Overseas Branch,
60 Gracechurch Street, E.C.3.
J. Henry Schroder Wagg & Co. Ltd.,
120, Cheapside, E.C.2.

Proxies must be deposited at the Registered Office by 28th June 1976, at the latest.

### ITO-YOKADO, LTD. (CDRs)

The undersigned announces that as from JUNE 24, 1976 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, and Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg, DIV. CP. NO. 1 of the CDRs Ito-Yokado Co. Ltd., will be payable with U.S.$—.01 for CDRs Repr. 5 Dep. Shs of 10 Shs; with U.S.$—.10 for CDRs Repr. 50 Dep. Shs of 10 Shs, and with U.S.$—.20 for CDRs Repr. 100 Dep. Shs of 10 Shs. (Div. per record-date 2.29.1976; Yen 0.082 per Orig. Sh.) after deduction of 15% Japanese Tax—Yen 0.615 = U.S.$—.00207 per CDR Repr. 5 Dep. Shs of 10 Shs. Yen 6.15 = U.S.$—.0207 per CDR Repr. 50 Dep. Shs of 10 Shs. Yen 12.3 = U.S.$—.0414 per CDR Repr. 100 Dep. Shs of 10 Shs

Amsterdam, June 10, 1976.

AMSTERDAM DEPOSITARY COMPANY N.V.

### CORRECTED NOTICE

DEAD SEA WORKS LIMITED
5% DEBENTURE STOCK 2002

NOTICE IS HEREBY GIVEN that the 5% Debenture Stock TRANSFER BOOKS of the above-named Company will be CLOSED from the 16th to 30th June 1976, for the purpose of preparing the Interest Warrants for the Interest due to be paid on the 30th June 1976.

BANK LEUMI (U.K.) LIMITED,
London Paying Agents.
A. I. FREEDMAN,
Secretary.

4-7 Woodstock Street,
London W1A 2AF.
14th June, 1976

### BERJUNTAI TIN DREDGING BERHAD

(Incorporated in Malaysia)

The Transfer Books will be closed from the 8th to 10th July, 1976, both dates inclusive

# APPOINTMENTS

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

An interesting appointment—scope for steady progress and a high standard of living

## FOREIGN EXCHANGE DEALER

SINGAPORE — U.S. $ 19,000 — U.S. $ 24,000

LONG ESTABLISHED EXPANDING U.S. BANK—WELL ENTRENCHED IN THE FAR EAST

Applications are invited from candidates aged 26-34 who have acquired a minimum of 3 years' foreign exchange dealing experience. Reporting to the Branch Manager, the successful candidate will be responsible for heading up the dealing room and building up a Euro-currency book and liaising with the Bank's other branches throughout the world. Initial salary negotiable U.S. $19,000 - U.S. $24,000 + non-contributory pension, free life assurance, medical insurance, accommodation, continuation of house mortgage assistance, periodic home leave family air passages. Applications in strict confidence, under reference FED3712/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LTD., 35 NEW BROAD STREET, LONDON EC2M 1NH. TEL: 01-588 3588 or 01-588 3576. TELEX: 887374.

A challenging appointment with growth prospects in an expanding company

## OFFICE MANAGER—UNIT TRUSTS

EDINBURGH — CIRCA £6,500

UNIT TRUST SUBSIDIARY OF A MAJOR MERCHANT BANK

We invite applications from candidates aged 27-40 who must have gained at least 3 years' experience in a Unit Trust environment and be fully competent in all aspects of dealing in units, maintenance of trust records and valuations. The successful candidate will report to the Managing Director and have responsibility for all day to day administration of the Unit Trust business as well as the office and staff. Liaison with outside professional advisers will be necessary. Initial salary negotiable circa £6,500, non-contributory pension scheme, free life assurance and generous relocation expenses. Applications in strict confidence under reference OMUT8757/FT, will be forwarded unopened to our Client unless you list companies to which they should not be forwarded in a covering letter marked for the attention of the Security Manager. Our Clients are also seeking A CHIEF DEALER. Applications as above under reference CD8758/FT.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35, NEW BROAD STREET, LONDON EC2M 1NH

### CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: ACES HIGH (A). Wk. & Sun. 2.30, 5.00, 8.15. 2: ALL THE PRESIDENT'S MEN (AA). Wk. & Sun. 2.00, 5.15, 8.20.

CASINO, Old Compton Street, 437 6677. SAVAGE MAN, SAVAGE BEAST (X) At 2.45, 5.55 and 9.10. SYMPTOMS (X) at 4.15 and 7.25. LAST DAY.

CURZON, Curzon St., W.1. (499 3737). Alan Bates in David Storey's IN CELEBRATION (A). Film at 2.30, 6.00, 8.30.

EMPIRE, Leicester Square. 437 1234. Sep. perfs. All seats bookable. No phone bookings. THAT'S ENTERTAINMENT PART 2 (U). Progs. daily 2.15, 5.15, 8.15.

LEICESTER SQUARE THEATRE. 930 5252. ROBIN AND MARIAN (A). Sep. progs. Dly. 2.35, 5.25, 8.35. Seats for 8.35 prog. bkble. every day, all progs. bkble. Sats. and Suns. Late shows Fri. and Sat. 11.45 bookable.

ODEON HAYMARKET. (930 2738-2771.) CONDUCT UNBECOMING (A). Sep. progs. Wk. 2.00, 5.15, 8.30. All seats may be booked.

ODEON LEICESTER SQUARE. (930 6111.) A SPECTACULAR EPIC! LEE MARVIN, ROGER MOORE, BARBARA PARKINS. SHOUT AT THE DEVIL (A). Sep. progs. Wk. 12.40, 4.10, 8.00. All seats may be booked at the box office by post.

ODEON MARBLE ARCH. (723 2011/2) ONE FLEW OVER THE CUCKOO'S NEST (X). Sep. progs. Wk. 12.45, 4.15, 8.00. All seats may be booked.

PLAZA 1 & 2, Regent St., S.W.1. 839 6494. Sep. Perfs. All seats bookable for eve perfs. Box Office 11 a.m. to 7 p.m. (not Suns.). No phone bookings. 1. THE SLIPPER AND THE ROSE (U). 2. ALFREDO ALFREDO (AA). Wkdays. 1.30, 3.10, 5.40, 8.15.

PRINCE CHARLES, Leic. Sq. 437 8181. 2nd Year. The One and Only Original EMMANUELLE (X). Sep. Perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Lte. Show Fri. & Sat. 11.45. Seats Bkble.

SCENE 1, 2, 3, 4, Leic. Sq. (Wardour St.) 439 4470. SCENE 1: Cont. Perfs. Dly. 12.30. Late Show Fri. & Sat. 11.55. Redford/Hoffman ALL THE PRESIDENT'S MEN (AA). Progs. 12.30, 2.55, 5.55, 8.35. Late Show Fri. & Sat. 11.55. SCENE 2: Cont. Perfs. Dly. 1.00. Late Show Fri. & Sat. 11.30. Al Pacino DOG DAY AFTERNOON (X). Progs. 1.00, 3.35, 6.10, 8.50. Late Show Fri. & Sat. 11.30.

SCENE 3: Cont. Perfs. Dly. 12.30. Late Show Fri. & Sat. 11.05. Charles Bronson THE STREETFIGHTER (AA). 2.15, 5.45, 9.20. BLAZING SADDLES (AA). 12.30, 4.00, 7.35. Late Show Fri. & Sat. 11.05. Final Wk. Must End June 16. Sts. Thurs. Savage Man, Savage Beast (X). SCENE 4: Cont. Perfs. Dly. 11.55. Late Show Fri. & Sat. 11.55. JAWS (A). Progs. 12.55, 3.35, 6.20, 9.05. Late Show Fri. & Sat. 11.50.

WARNER WEST END, Leicester Square. Tel: 439 0791. 1. James Dean in EAST OF EDEN (AA). Sep. progs. Wk. 1.20, 3.40, 6.00, 8.20. 2. REDFORD HOFFMAN ALL THE PRESIDENT'S MEN (AA). Sep. progs. 2.05, 5.05, 8.05. 3. BARRY LYNDON (A) a film by STANLEY KUBRICK starring RYAN O'NEAL, MARISA BERENSON. Sep. progs. 2.30, 7.30. 4. THE SWISS CONSPIRACY (A). Sep. progs. 2.30, 4.30, 6.30, 8.30.

### ART GALLERIES

AGNEW GALLERIES, 43, Old Bond Street, W.1. 01-629 6176. MASTER PAINTINGS until 18 June. Mon.-Fri. 9.30-5.30. Thurs. until 7.

HENRI MATISSE—Paintings and Drawings—Victor Waddington, 25, Cork St., London, W.1. Daily 10-1, 2.15-5.30. Sats. 10-1. Until 10 July.

JEAN YOUNG, RBA, NEAC. Paintings. The Mall Galleries, The Mall, S.W.1. Mon.-Fri. 10-5. Sats. 10-1 until 19th June. Adm. Free.

J.P.L. FINE ARTS, 24 Davies St. W.1. 01-493 2630. ARP—Work on Paper. June 17-July 31. Mon.-Fri. 10-6.

LUMLEY CAZALET, 24 Davies St. W.1. 499 5055. MIRO colour lithographs opens tomorrow.

MARLBOROUGH, 6, Albemarle St., W.1. Important Works by Contemporary Artists ARIKHA, AUERBACH, BACON, BOTERO, CHADWICK, GENOVES, KITAJ, KOKOSCHKA, MOORE, NICHOLSON, NOLAN, PAULOZZI, PASSMORE, PIPER, SUTHERLAND. Mon.-Fri. 10-5.30, Sat. 10-12.30, until 31 July.

REDFERN GALLERY. KARIN SZEKESSY Photographs, Heliographs and Collotypes. 10 June-30 June. 20, Cork Street, London, W.1.

ROYAL ACADEMY OF ARTS. SUMMER EXHIBITION. Weekends 10-6, Suns. 2-6. Adm. 50p (Mons. 30p). A MICHELANGELO AND OTHER TREASURES IN THE PRIVATE ROOMS. Except Tuesday. Adm. 50p.

ROYAL SOCIETY OF BRITISH ARTISTS. 259th Exhibition. Mall Art Galleries, The Mall, S.W.1. Mon.-Fri. 10-5, Sats. 10-1 until 24th June. Adm. 10p.

## GENERAL COUNSEL

A major multi-national petrochemical group are seeking a General Counsel for their international headquarters.

This is a senior management level appointment with involvement in all areas of the group's activities, but with primary responsibility for the group's legal affairs. The specification calls for a mature international lawyer who has wide experience in high level contract negotiations, taxation, litigation and arbitrations, and finance; and who enjoys working in a fast-moving, high-pressure business environment.

Salary and associated benefits will be attractive to a first class, already successful international lawyer. Please reply in strict confidence to the group's advisers:

BISA MANAGEMENT CONSULTANTS
11 Rue de la Ville l'Eveque,
75008 Paris.

### FOREIGN EXCHANGE DEALER

Leading European Bank in London seeks the services of an experienced Foreign Exchange Dealer, aged between 24-27, with a sound working knowledge of both exchange and deposit dealing. Salary negotiable, pension scheme and usual banking benefits. All written applications treated in strictest confidence. Write Box A.5601, Financial Times, 10, Cannon Street, EC4P 4BY.

COMMODITY back-up staff wanted. Charterhouse Appointments. 01-836 2377.

# CONTRACTS AND TENDERS

### SCOTTISH DEVELOPMENT DEPARTMENT
### LONDON-EDINBURGH-THURSO TRUNK ROAD A9
### DALMAGARRY TO BOGBAIN

The Secretary of State for Scotland proposes to invite tenders from experienced contractors for the construction of the above section of trunk road, approximately 15 km. south of Inverness, extending from Dalmagarry on the London-Edinburgh-Thurso Trunk Road (A9) for a distance of approximately 14.0 km. to Bogbain.

The construction is of some 6.0 km. of 7.3 m. single carriageway and 8.0 km. of dual carriageway in either flexible or rigid pavement in exposed country up to 300 m. above sea level. The scheme includes the excavation of approximately 1,400,000 cubic metres of material, 750,000 cubic metres of which are to be placed in embankments. Also included are the construction of 2 bridges, side road connections, drainage and other ancillary works. Approximate cost of the works is £8.0m.

Subject to the completion of statutory processes, it is hoped to issue the contract documents approximately in July 1976 and the contract period will be 24 months.

Contractors wishing to be considered for inclusion in the list of firms to be invited to tender for this contract should apply to The Secretary, Scottish Development Department, NCR Building, 2, Roseburn Gardens, Edinburgh, EH12 5NJ, not later than Thursday, July 8, 1976, quoting reference RUP/21/5/1. Thereafter invitations to tender will be extended to selected contractors and the necessary tender documents and drawings will be issued by Messrs. W. A. Fairhurst & Partners, Consulting Engineering, 43, George Street, Edinburgh, EH2 2HT, stating when the tenders are to be returned. The intention is that tendering should be restricted to firms of proven capacity and experience who at the time will be in a position to submit genuinely competitive tenders. Contractors who because of other commitments, or for any other reason, do not apply to be considered for these works will not in any way prejudice their eligibility for consideration for future similar contracts. This scheme has also been advertised through the medium of the Official Journal of the European Communities.

### PRESELECTION FOR THE CONSTRUCTION OF 18 TRAWLERS

The Société Marocaine des Produits de la Mer, 'Somamer', Casablanca, affiliated company of the Office Nationale des Pêches, has the intention to consult shipyards with regard to the realization of a building programme of 18 trawlers with the following main characteristics:

| | |
|---|---|
| Length O.A. | About 33.00m |
| Breadth Moulded | About 8.20m |
| Gross Tons | About 220 grt |
| Hold for Deep Freeze Fish | About 73m³ at −20 degrees C |
| Hold for Wet Fish | About 52m³ at 0 degrees C |
| Cruising Range | About 24 days |
| Crew | 14 Men |
| Main Engine | About 900 hp |
| Auxiliary Engine | About 117 hp |

Hydraulic Trawl Winches, Echo Sounder, etc.

The programme is to be carried out in series of four to six units. The aim of this consultation is a tender on the basis of a preliminary technical study elaborated by Malerbarn S.A., Geneva, Naval Architects and Marine Engineers. Yards interested in this programme are requested to write to:

SOMAMER
13/15, Rue Chevalier Bayard
Casablanca (Morocco)

by registered mail, arriving latest June 30, 1976, with full technical and financial references.

## Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND ENERGY

SOCIETE NATIONALE DES SEMOULERIES, MEUNERIES FABRIQUES DE PATES ALIMENTAIRES ET COUSCOUS

**S.N. S.E.M.P.A.C.**

6 boulevard Zirout Youcef—Algiers

INTERNATIONAL INVITATION TO TENDER

A tender has been launched by S.N. SEMPAC for the setting up of a network of Grain Silos having an overall capacity of thirty million (30,000,000) quintals, divided over 41 sites. The storage capacity of each Silo would vary between 50,000 and 140,000 tonnes.

The tender comprises the following lots :

- Lot No. 4 : Study of site adaptation and implantation.
- Lot No. 5 : Coordination — control and supervision of construction and installation work in connection with mechanical and electrical equipment, together with civil engineering work relating to basic structure and the buildings.

Companies interested in the above may obtain the necessary documents as from May 31,1976 from: S.N. SEMPAC, Direction de Developpement, 6, bd. Zirout Youcef, Algiers (Algeria), for the sum of Dinars 2,000.

Tenders, together with usual relevant information and references should be sent in double sealed envelopes marked: Tender — Grain Silos — Not to be opened (Appel d'Offres — Silos de Stockage — Soumission à ne pas ouvrir).

Tenders should be sent by August 31, 1976 at the latest.

# PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

£6m. ... Bills were issued today. Applications totalling £62m. The minimum price accepted was £97.3[illegible]. The average rate of discount was 10.87312%. The total Bills outstanding is £19m.

EAST SUSSEX COUNCIL

£2.0m. Bills were issued today 16th June 1976, due 15th September 1976 at a rate of 10 53/64% per annum. Applications totalled £22.0m. Total outstanding £4.0m.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

# Early scattered profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 15.

SCATTERED PROFIT-taking tipped Wall Street moderately lower today, after three sessions of sharp upward movements.

At 1 p.m. the Dow Jones Industrial Average was off 1.72 at 989.52, after losing 3.93 at 987.31, while the NYSE All Common Index shed 8 cents at $54.19. Declines held a small lead over advances, while the trading volume decreased 1.5½m. shares to 10.02m. compared with 1 p.m. yesterday.

**Closing prices and market reports were not available for this edition.**

Stocks showed no immediately reaction to a Senate Panel vote which favoured a break-up of major U.S. oil companies. There is no corresponding Bill in the House.

In the Oil Group, Getty were off $1½ at $172¾, Exxon $2 at $102¾, while Gulf Oil, Standard of California and Texaco each eased. Standard Oil of Ohio surrendered $1 to $72½, as did Halliburton to $62½.

General Motors eased $¼ to $67, although it reported more than a 43 per cent. gain in early-June sales of new cars.

But Revlon rose $1¼ to $79½.

Dentsply International climbed $1¾ to $30 following its bullish earnings forecast.

Tropicana Products fell $2 to $26¾—it terminated merger plans with Kellogg, up $⅜ to $24½.

Teledyne were down $1½ to $59½, J. R. McDermott $1¼ to $49½, Fairchild Camera $1⅜ to $44⅜, Hewlett-Packard $1¼ to $110½, and Superior Oil $4 to $174½.

West Point-Pepperell advanced $1½ to $35½ on higher earnings.

Matsushita put on $1 to $25.

But Congoleum eased $¼ to $13¾—it is going out of the carpet business, and also plans to divest all but one of its furniture and furnishing operations and its industrial products subsidiary.

THE AMERICAN SE Market Value Index eased 0.09 to 103.22, while the trading volume decreased 160,000 shares to 1.13m. compared with 1 p.m. yesterday.

Houston Oil and Minerals lost $1 to $59½.

Domtar dipped $¼ to $22½ after it sliced its quarterly dividend.

Syntex, however, edged up $⅜ to $29½, while Kaiser Industries added $¼ at $14.

MONDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Gulf Oil | 304,300 | 27⅞ | + ¼ |
| Howard Johnson | 254,600 | 13⅞ | − ⅛ |
| U.S. Gypsum | 223,100 | 31½ | + ¼ |
| Ponderosa System | 209,000 | 10 | + ¼ |
| Enserch | 200,100 | 21⅛ | − ⅛ |
| Sony | 180,200 | 9⅞ | + ⅛ |
| United | 177,900 | 14⅞ | — |
| Dow Chemical | 169,600 | 46¼ | + 1 |
| Eastern Airline | 169,200 | 9⅛ | + ⅛ |
| Citicorp | 162,500 | 36¼ | — |

## Canada easier

Canadian Stock Markets tended to ease in moderate trading yesterday morning.

The Industrial Share Index shed 0.65 to 189.70. Western Oils 3.02 to 237.34. Utilities 0.18 to 142.93. Banks 2.63 to 238.70 and Papers 1.72 to 120.57. But Golds firmed 0.31 to 300.71 and Base Metals put on 0.23 to 90.01.

Dome Petroleum were down $1½ to $42½—it plans 15 to 16 wells in the Beaufort Sea in the next five years at an estimated cost of $300m. Pacific Petroleums lost $⅞ to $31.

Alcan Aluminium rose $¼ to $25, despite its current labour troubles at Canadian smelters.

Texasgulf lost $½ to $32⅞ on 26,175 shares.

## OTHER MARKETS

PARIS—French shares generally improved in moderate trading, following the lowering of the Call Money rate by ½ per cent. to 7½ per cent.

Some irregularity was seen in Banks, Portfolios, Mechanicals, Metals and Chemicals, however.

Among Foreign issues Germans mostly dipped. Gold Mines moved ahead significantly. International Oils were mixed, while Coppers finished slightly higher.

AMSTERDAM — Lower, attributed to profit-taking by Foreign investors.

All Internationals declined.

In Banks, Algemene Bank Nederland gained Fls.2, but Amsterdam-Rotterdam Bank shed Fls.0.20. Insurances and Transportations were mostly lower. Dutch Industrials also mostly eased in slow trading.

In Building Constructions, Ballast Nedam were down Fls.1 and Bos Kalis Westminster Group dipped Fls.3.

Giessen-De Noord Shipbuilding jumped Fls.8 to 266.

Bond Market losses averaged Fls.0.20 to Fls.0.30.

BRUSSELS—Mixed in quiet trading.

Steels eased. Non-Ferrous Metals were lower, Utilities and Electricals also eased. Chemicals finished steady, Oils firmed, while Holdings were little changed.

U.S. shares were higher. South African Golds gained ground. French stocks advanced. Dutch issues were little changed, while Germans eased.

COPENHAGEN — Communications, Commodities, Insurances, Shippings and Industrials were all lower.

OSLO—Bankings and Industrials were firm, while Insurances and Shippings were quiet.

GERMANY—Lower but above the worst. Markets were unsettled at the opening by rumours that an unnamed major Industrial company, indebted to many banks, was in financial difficulty.

But market sentiment was helped by Hoechst's, up Dm1.4 to 155, favourable report.

In Motors, VW rose Dm1.60 to 130.80 but BMW dropped Dm2.50 to 240.

Varta, whose quotation was suspended on Monday when it announced splitting into three separate companies, closed at Dm247, down 9.

Domestic Public Bonds mostly shed up to Dm0.30 in quiet trading. The Regulating Authorities sold Dm5.5m. nominal of stock. Foreign Mark Loans eased.

SWITZERLAND — Narrowly mixed in moderate trading.

Leading Banks were fairly resistant, Insurances mainly unchanged, while Financials were irregular.

Small losses predominated among Industrials.

State Bonds moved slightly higher in quiet trading.

Dollar stocks were generally very steady in active trading. Dutch Internationals were barely maintained, while Germans were slightly lower.

MILAN—Irregularly higher in fairly active trading.

Bonds were quietly irregular.

HONG KONG—Mixed in decreased trading.

Hong Kong Land were up 5 cents to $HK7.20, Wheelock "A" 5 cents to 2.457, and Swire Pacific "A" 10 cents to 9.55.

But China Light gave way 20 cents to 22.40, Hong Kong and Kowloon Wharf 10 cents to 16.80 and Hong Kong Telephone 10 cents to 21.90.

TOKYO—Firm in active trading as Export-Oriented shares rose following an increase in exports in May. Volume 330m. (220m.) shares.

Motors, Electricals and Cameras improved. Matsushita Electric rose Y36 to Y754, Honda Motors Y35 to Y799, Sony Y180 to Y3,000 and Pioneer Y120 to Y3,330.

Kansai Paint put on Y50 to Y350 on its development of a new electro-deposition painting technology.

Cements, Heavy Electric Machineries, Retail Stores and Speculatives also gained ground.

Some Foods, Chemicals and Constructions were easier.

JOHANNESBURG—Gold shares were generally easier in quiet dealings. Financial Minings lost in the region of 5 to 15 cents.

The Metal Market was mixed.

Industrials were steady in featureless trading.

AUSTRALIA—Mixed trend.

Pancontinental rose 50 cents to $A11.70 but Peko-Wallsend shed 4 cents to 5.46 and Kathleen 2 cents to 1.30.

Poseidon rose 5 cents to 2.55 but Woodside eased 2 cents to 81 cents.

Banks were generally weaker. CBA lost 5 cents to 2.70 but Bank NSW put on 2 cents to 5.60.

TNT shed 1 cent to 1.49 after the announcement of its planned Eurobond issue.

# Pound improves

Sterling continued to gain ground against the U.S. dollar and most other major currencies in the foreign exchange market yesterday, in fairly quiet trading. The pound opened at $1.7755-1.7765 in terms of the dollar, and touched $1.7795-1.7805 during the morning, but eased to $1.7715-1.7725 in the afternoon. At the close sterling was at $1.7765-1.7775, a gain of ½ cent on the day. There was little evidence of intervention by the Bank of England, except perhaps when the pound fell to its worst level of the day, but the authorities were again active in the forward market.

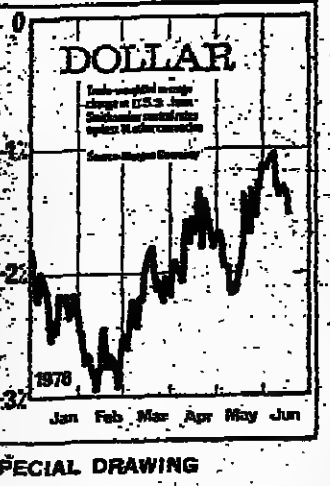
Short-term Eurosterling interest rates have increased sharply in the last two days, with a corresponding weakening in forward sterling. The three-month pound's discount against the dollar widened to 3.45 cents yesterday, from 3.05 cents on Monday and 2.60 cents on Friday.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, narrowed to 39 per cent. from 39.1 per cent., after standing at 39 per cent. at noon and 38.9 per cent. in early dealings.

The Swiss franc improved fairly sharply against the dollar, and there was no indication of intervention by the Swiss authorities to limit the rise. It closed at SwFrs.2.4780 compared with SwFrs.2.4920 previously.

The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 1.51 per cent. from 1.40 per cent.

Gold closed unchanged on the day at $125¼-126¼. The krugerrand's premiums over its gold content narrowed to 3.28 per cent. in both the domestic and international markets.




SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | June 14 | June 11 |
|---|---|---|
| Sterling | 0.644766 | 0.645704 |
| U.S. dollar | 1.14427 | 1.14380 |
| Belgian franc | 45.2645 | 45.2602 |
| Deutsche mark | 2.94341 | 2.94712 |
| French franc | 5.41240 | 5.40975 |
| Italian lire | 976.377 | 976.176 |
| Japanese yen | 343.224 | 342.911 |
| Dutch guilder | 3.12785 | 3.12944 |
| Swedish krone | 5.07163 | 5.08076 |
| Swiss franc | 2.86495 | 2.84577 |

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

| June 15 | Frankfurt | New York | Paris | Brussels | London | Amsterdam | Zurich |
|---|---|---|---|---|---|---|---|
| Frnkfu't | — | 2.573-576 | 54.78-83 | 6.50-51 | [illegible] | [illegible] | [illegible] |
| N. York | 38.79-81 | — | 21.14-16 | 2.5258-88 | [illegible] | [illegible] | [illegible] |
| Paris | 183.375-775 | 4.7255-7300 | — | 11.831-96 | [illegible] | [illegible] | [illegible] |
| Brussels | 15.37-40 | 39.58-61 | 8.36-48 | — | [illegible] | [illegible] | [illegible] |
| London | 4.57-58 | 1.7765-75 | 8.40-41 | 70.25-45 | — | [illegible] | [illegible] |
| Am'rd'm | 106.305-355 | 2.7357-82 | 57.885-935 | 4.508-9135 | [illegible] | — | [illegible] |
| Zurich | 96.17-27 | 2.4750-85 | 52.29-35 | 6.25-26 | [illegible] | [illegible] | — |

U.S. $ in Montreal U.S. $=97.62-66 Canadian cents. Canadian $ in New York C$=102.40-42 U.S. cents. Sterling in Milan 1514.25-1518.25. * Rates for June 14.

EURO-CURRENCY INTEREST RATES*

[illegible]

Euro-French deposit rates: [illegible]

Longer-term Eurodollar deposits: [illegible]

The following nominal rates were quoted for London dollar certificates of deposit: [illegible]

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

FORWARD RATES

[illegible]

OTHER MARKETS

[illegible]

## Indices

NEW YORK—DOW JONES

| | June 14 | June 11 | June 10 | June 9 | June 8 | June 7 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 991.24 | 978.80 | 994.39 | 969.09 | 962.97 | 958.09 | 1,011.02 (21/4) | 858.71 (2/1) | 1051.70 (11/1/73) | 41.22 (8/7/32) |
| Home Bonds | 72.57 | 72.40 | 72.28 | 72.37 | 72.44 | 72.51 | 76.60 (22/4) | 69.11 (2/1) | — | — |
| Transport | 217.45 | 214.74 | 211.68 | 210.84 | 211.74 | 212.22 | 220.91 (11/5) | 175.69 (2/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 86.02 | 85.89 | 86.02 | 85.82 | 85.89 | 85.86 | 91.60 (4/3) | 84.80 (28/5) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol 000's | 21,250 | 18,470 | 16,100 | 14,560 | 16,900 | 14,510 | — | — | — | — |

| | June 11 | June 4 | May 28 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 3.86 | 3.94 | 3.89 | 4.69 |

STANDARD AND POORS

| | June 14 | June 11 | June 10 | June 9 | June 8 | June 7 | 1976 High | 1976 Low | Since compilat'n High | Since compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| *Industrials | 114.75 | 115.62 | 111.81 | 110.90 | 110.66 | 110.76 | 118.57 (24/3) | 101.64 (2/1) | 134.54 (11/1/73) | 3.52 (30/6/32) |
| †Composite | 101.85 | 100.82 | 98.86 | 98.74 | 98.80 | 98.63 | 105.51 (5/4) | 98.80 (2/1) | 120.24 (11/1/73) | 4.40 (1/6/32) |

| | June 9 | June 2 | May 26 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 3.53 | 3.46 | 3.49 | 3.75 |
| Ind. P/E Ratio | 12.22 | 13.59 | 13.42 | 11.02 |
| Long Govt. Bond yield | 5.72 | 5.86 | 5.90 | 5.71 |

N.Y. S.E. ALL COMMON.

| June 14 | June 11 | June 10 | June 9 | 1976 High | 1976 Low |
|---|---|---|---|---|---|
| 54.27 | 53.73 | 53.05 | 52.82 | 55.20 (5/4/76) | 57.06 (2/1/76) |

Rises and Falls June 14: Issues Traded—1,860; Up—1,097; Down—373; Same—390; New Highs 92; New Lows 6

| MONTREAL | June 14 | June 11 | June 10 | June 9 | 1976 High | | 1976 Low | |
|---|---|---|---|---|---|---|---|---|
| Industrial | 200.56 | 198.98 | 198.18 | 197.58 | 207.55 | (19/5) | 176.62 | (2/1) |
| Combined | 185.50 | 182.65 | 181.82 | 181.57 | 189.76 | (20/5) | 173.67 | (2/1) |
| TORONTO Industrial | 189.35 | 189.55 | 189.55 | 188.61 | 197.45 | (20/2) | 175.91 | (2/1) |
| JOHANNESBURG Gold | 213.2 | 215.8 | 218.8 | 213.8 | 228.7 | (12/3) | 174.4 | (5/4) |
| Industrials | 208.2 | 210.5 | 210.5 | 210.7 | 216.6 | (21/5) | 198.8 | (5/4) |

| | June 15 | Previous | 1976 High | 1976 Low |
|---|---|---|---|---|
| Australia (a) | 468.12 | 467.67 | 473.91 (12/3) | 446.32 (5/1) |
| Belgium (b) | 98.19 | 98.12 | 113.18 (5/2) | 97.65 (8/6) |
| Denmark (d) | 110.83 | 111.36 | 112.32 (9/6) | 100.20 (10/5) |
| France (e) | 67.4 | 67.1 | 74.3 (3/5) | 60.1 (18/5) |
| Germany (f) | 744.2 | 752.2 | 831.7 (17/3) | 733.0 (26/5) |
| Holland (g) | 94.8 | 95.4 | 105.3 (0/2) | 91.4 (8/6) |
| Hongkong (h) | 406.40 | 405.40 | 485.33 (17/3) | 364.66 (2/1) |
| Italy (i) | 74.80 | 74.73 | 91.37 (23/2) | 72.20 (4/5) |
| Japan (m) | 354.93 | 353.32 | 354.93 (15/6) | 326.38 (5/1) |
| Singapore (n) | 249.07 | 248.65 | 286.16 (3/2) | 236.55 (8/1) |

| | June 15 | Previous | 1976 High | 1976 Low |
|---|---|---|---|---|
| Spain (p) | 88.61 | 87.86 | 100.79 (7/3) | 85.45 (1/4) |
| Sweden (q) | 486.10 | 481.91 | 476.96 (10/5) | 393.55 (19/1) |
| Switz'rl'd (r) | 280.3 | 280.3 | 298.6 (12/3) | 275.3 (4/6) |

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 400 Inds., 40 Utilities and 20 Rails. (c) Closed.

# OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—118½% (118%).

NEW YORK

| Stock | June 14 | June 11 |
|---|---|---|
| Abbot Labs | 43¼ | 42⅝ |
| Addressograph | 9½ | 9¼ |
| Aetna Life & Cas. | 24⅞ | 24⅝ |
| Corning Glass | 78⅝ | 76¼ |
| CPC Int'nation'l | 45¼ | 45⅝ |
| Crane | 38½ | 35⅝ |
| Crocker Nat. | 24 | 23½ |
| Crown Zellerbach | 44¾ | 43¾ |
| Cummins Engine | 37½ | 36⅞ |
| Johns Manville | 29¼ | 28¼ |
| Johnson Johnson | 84⅞ | 83⅞ |
| Johnson Control | 20⅝ | 20 |
| Joy Manufactur'g | 48⅝ | 48⅝ |
| Kaiser Alumin'm | 37⅝ | 36⅛ |
| Republic Steel | 38⅛ | 37⅝ |
| Revlon | 78⅛ | 77⅛ |
| Reynolds Metals | 39 | 38⅝ |
| Reynolds R. J. | 58⅜ | 58 |
| Rich'sons Merrel | 22¾ | 22 |
| Rockwell Inter. | 29¼ | 29⅜ |
| Zenith Radio | 31⅞ | 31 |
| Chile 3% 1993 | †90 | 90 |
| U.S. Treas. 4% 1980 | †89⅛ | †89⅛ |
| US Treas 4½% 75/85 | †82⅜ | †82⅛ |
| U.S. 90 days bills | 5.41% | 5.41% |

[illegible]

CANADA

[illegible]

GERMANY ♦

| June 15 | Prices Dm. | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| A.E.G. | 90.6 | −0.9 | — | — |
| Allianz Versich. | 405 | +1 | ≠17 | 2.0 |
| B.M.W. | 240 | −2.5 | 18 | 4.0 |
| BASF | 164.9 | +1.4 | 14 | 4.4 |
| Bayer | 156.6 | [illegible] | 17 | 6.8 |
| Bayer Hypo | 277m | −2 | 20 | 3.7 |
| Bayer Vereinsbk. | 276.5 | −0.5 | ≠20 | 2.9 |

[illegible]

MILAN

[illegible]

PARIS

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND*

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

AUSTRALIA

[illegible]

TOKYO

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

SPAIN ♦

[illegible]

NOTES: Overseas prices exclude premium. [illegible]

H. A. N. Brockman considers the animal houses

# Architecture at London Zoo

O SUCH thing as an architec-ural museum exists, unless it claimed that a great city entre which has developed over considerable period is itself museum. But the nearest one an get to this is, unexpectedly, e London Zoo where building nd rebuilding has been going n ever since its foundation 150 ears ago.

The first architect appointed y the Society was Decimus urton, very little of whose ork now remains, but as the esigner of the Athenaeum Club London, he would have rought distinction to any con-ibution to a newly planned oological Garden. The earliest uildings were small: "follies t in an elegant garden for en-ertainment and curiosity" mong lawns cut by the head ardener with the first mower, escribed as "machinery for the utting or shearing of the veget-ble surface of lawns."

The next architect of note was nthony Salvin, who built in oth neo-Gothic and neo-Classic. is Eastern Aviary of 1863 is till in use and his Lion House f 1876 was in use for just 100 ears.

One of the most significant epartures from the tradition of ouses, followed by cages and ater open yards, was the repro-uction of mountainous condi-ions as seen in the Mappin Ter-aces of 1914. These scenic reas, designed by the architect . J. Joass, were based on Carl Hagenback's scenic panorama in Hamburg. Much of Joass's work till remains, including the main ffices 1910, and the Pavilion 922, and Regent Buildings, 929, on the Outer Circle. Sir uy Dawber designed the eptile and Monkey Houses and he Main Gate in a "rustic tallanate" style in 1927.

In 1933 when Dr. Julien uxley was in control there as a sudden further architec-ural advance when Berthold ubetkin was brought in to esign a new Gorilla House. This ne building in which forward-ooking design went hand-in-and with modern technology as followed the following year y one of the most famous xamples of modern design in his country: the Penguin Pool. t is hardly architecture, much earer to a piece of abstract sculpture with its elliptical enclosure and the ribbon-like intertwined ramps descending into the water, a perfect frame-work for these fascinating creatures.

*Part of the New Lion Terraces.*

The next outstanding design was the equally abstract Northern Aviary of 1965 by Lord Snowdon and Mr. Frank Newby and then, in the same year the marvellously appro-priate design of the Elephant House by Sir Hugh Casson. Here the rough ribbed texture of the walls, their rounded forms topped by the great dark cowls, have a close affinity with the animals they house within an almost forest-like interior.

## Freshness

Now the Elephant House can be seen and appreciated from a distance, as a large area of lawn, made possible by clearing a site to the east, has opened up the ground between it and the latest Zoo developments: the New Lion Terraces. Replacing Salvin's Lion House of 1876, they have all the freshness in their design to be found in any of their predecessors.

The planning of this new area by Mr. John Toovy, the present architect to the Society, divides it into seven outdoor enclosures with four dens, inaccessible to the public, in which the animals feed and are generally "managed." Part of the scheme includes an aviary for water birds and the whole adjoins the "three-island pond" which houses a colony of flamingoes; covered ways between the enclosures protect the public from the elements.

The complete irregularity of the plan has a practical basis: each enclosure being partly composed of concrete walls which sweep up to their appro-priate heights, giving the effect of large outcrops of rock. From their sloping forms are draped the metal mesh walls through which the animals are viewed. The solid walls are arranged as baffles so that spectators look-ing into an enclosure cannot see the crowds on the other side, thus preserving the slightly privileged feeling of a private view.

Treatment of the enclosures has been most carefully con-sidered by the zoologists. They are all landscaped and planted to give the animals surround-ings similar to their natural habitat, within the limitations of our climate. The tiger en-closure is planted with bamboo and shrubs and contains a large pool for swimming, the cheetah and serval have grassed areas and raised basking places, the caracal lynx has as near as possible an open desert to roam in and the jaguar is given a swampy jungle.

This is an enlightened de-velopment, imaginatively con-ceived, to be seen at its best when the thoroughly thought-out landscaping matures in two or three years' time; but even in its newest state it is remark-ably "rural" in feeling, 16 out of 18 trees have been retained.

# FARMING AND RAW MATERIALS

## Nickel plant strike to go ahead

OTTAWA, June 15.

THE STRIKE by 2,800 employees at Inco's Thompson, Manitoba, nickel plant would proceed as planned at midnight to-night, said a spokesman for the United Steelworkers of America.

Union and company officials, and Manitoba Premier, Mr. Ed Schreyer, had appealed to Mr. Donald MacDonald, the Finance Minister, for Federal Cabinet intervention in an Anti-inflation Board rollback of a wage increase negotiated between Inco and the steelworkers.

But union spokesman, Mr. Dick Martin, said Mr. MacDonald had maintained that the case should run the normal appeal course under the Anti-inflation Act.

● Picketing at Alcan Smelters and Chemicals continued as provincial labour officials sought ways to end a two-week walk-out by the Canadian Association of Smelter and Allied Workers (CASAW), industry sources in Kitimat, BC.

The company, a subsidiary of Aluminum of Canada, applied yesterday for a provincial labour board ruling against picketing by eight members of the Federtion des Syndicats du Secteur Aluminum de Quebec, who are on a legal strike at three Alcan sites in that province.

The Quebec union members set up their around-the-clock picket soon after police arrested and removed 32 CASAW pickets over the week-end.

Reuter

## Good weather boosts rice plantings

FAVOURABLE WEATHER prevailed for the planting of the 1976-77 rice crop in most producing regions, the Commonwealth Secretariat said in London. Although the supply-demand situation may cause some lowering of production, the emphasis in most developing nations was on increased output.

The aim in many of these countries would be to build stocks against future scarcity, the Secretariat said.

World production in 1975-76 was forecast at 343.9m. tonnes (including China), compared with 326.1m. tonnes last year.

While supplies seemed ample at the moment, international trade was lower because of reduced import needs in some developed nations and effective limitations in others due to balance of payment problems. Exports in 1976 were tentatively forecast to be down 4 per cent.

Reuter

## Tin prices hit record level on London market

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES reached record levels on the London Metal Exchange yesterday, the three months quotation reaching £4,600 a tonne for the first time in early morning trading.

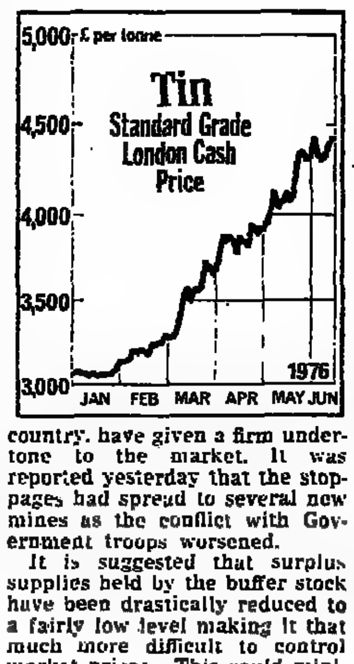
The market lost ground in later trading, however, as a result of profit-taking sales and selling, believed to be on behalf of the buffer stock of the International Tin Council.

Cash tin consequently closed £16 higher, at £4,432.5 a tonne, and three months £12 up on the previous close, at £4,563.5 a tonne.

The London tin market was buoyed up initially by a further increase in the Straits tin price in Penang overnight, which gained SM12 to SM1,180.375 a picul, despite of heavy turnover.

The Penang price is creeping back towards the Tin Agreement "ceiling" level of SM1,200 a picul, fixed at the last Tin Council meeting in May, despite some heavy selling by the buffer stock in recent weeks.

Continuing strikes by tin miners in Bolivia, the world's second biggest tin producing




country, have given a firm undertone to the market. It was reported yesterday that the stoppages had spread to several new mines as the conflict with Government troops worsened.

It is suggested that surplus supplies held by the buffer stock have been drastically reduced to a fairly low level making it that much more difficult to control market prices. This could minimise the complicated problems of how to transfer buffer stock holdings from the present Tin Agreement to the new pact—due to come into force on July 1—when the Tin Council meets next week.

At the same time, there will be renewed pressure from producing countries for a further rise in Tin Agreement price ranges, which is likely to be firmly opposed by the consumers in view of the two increases already agreed this year (at the March and May meetings).

This conflict and the attitude adopted by some producing countries about ratifying the new Agreement have led some delegates to believe that it will be difficult to obtain sufficient support for the new pact to come into force on July 1.

In turn, this would mean a period of instability in the tin market which in the present "bullish" atmosphere might well temporarily bring still higher prices, although it is felt that basic consumer demand has not recovered sufficiently to justify higher levels.

## Rhodesia to grow less tobacco

BY OUR OWN CORRESPONDENT

SALISBURY, June 15.

RHODESIA WOULD have to limit next season's tobacco output because the crop being marketed now was larger than expected, growers were told here to-day.

The president of the Rhodesia Tobacco Association—representing the country's 2,000 growers—said negotiations with Government were in progress and it was hoped to be able to announce a mutually acceptable outcome soon.

Mr. George Pio said the 1975-1976 growing season had been very favourable and the industry would achieve its highest-ever national average yield—up 22.5 per cent. on the rolling average for the past five years.

Rhodesia would have on offer this year some 80 per cent. more leaf grades than last year, which should assist marketing.

Despite last year's 8 per cent. devaluation of the Rhodesian dollar, prices were low at the secret auction sales being held here. Mr. Pio gave three reasons for this: Leaf demand was artificially low because of continued reductions of stock levels: second, the larger-than-expected Rhodesian crop meant lower prices in a free auction system; but more than anything, the Rhodesian tobacco market was suffering from a "lack of confidence" among external clients as to Rhodesia's ability to keep its lines to the sea open and doubts about the future continuity of Rhodesia as a country.

Mr. Pio said: "They believe that any substantial change in the Rhodesian situation will mean an end to large-scale quality tobacco production. In many cases precautionary adjustments of blends are already effected."

The RTA president said he wanted to reassure buyers publicly that Rhodesia would keep its export lines open. Rhodesian tobacco growers were here to say, he declared.

## Dry soil worry in U.S.

GROWERS OF grain in many parts of the U.S. were increasingly concerned over dry soil, said the U.S. Department of Agriculture yesterday. This follows pessimistic reports about grain crops in the Soviet Union and in Europe because of bad weather.

The Department said, however, that rain had fallen throughout the plains and in much of the Mid-West.

Winter harvesting had started last week in Oklahoma and was expected to begin this week in Kansas and Missouri but the harvest was below average.

In Texas, the harvest was 23 per cent. completed, against 37 per cent. at this time last year. In Oklahoma, 16 per cent. had been harvested, compared with 9 per cent. a year ago.

Maize planting was complete an dcrops had made good growth in major producing States. Moisture supplies were short to adequate and rain was needed in some areas, the USDA added.

Soyabean planting was complete or virtually complete in key producing areas. Planting progress and crop development were ahead of normal in almost all areas.

Sorghum planting was ahead of normal in most areas but behind in Texas.

● Grain futures eased in early dealingsin Chicago on news of beneficial rain in the critically dry areas and because of a sudde ndrop in values on U.S. soya markets.

## No sugar price cut for Japan

SYDNEY, June 15.

LAST WEEK'S visit to Australia by Japanese sugar refiners won no concessions on the operation of the Australian/Japanese 600,000 tonnes-a-year contract, informed sources here told Reuter.

They said this was confirmed by a Sugar Board statement in Brisbane.

The Association said before the mission left Tokyo that it wanted to discuss a cut in the fixed contract price of £228.8 a tonne to aid the recession-hit industry.

CSR has agreed to defer shipments of contracted tonnage in the past, but otherwise no variation has been made in the contract terms.

But, in view of the points raised by the Japanese mission, further discussions concerning the operation of the contract would take place between CSR and the Japanese industry in Tokyo in October, said Australian Sugar Board chairman, Mr. Lloyd Harris.

Our Commodities Staff writes: World sugar values continued to derive underlying support from European drought fears and futures values on the London terminal market moved up by several pounds in early dealings, while the London daily raws price was fixed £6 higher at £182 a ton.

But prices eased later in the day influenced, said some dealers, by a report that Cuba's sugar exports to Spain this year were likely to drop because of expectations of a higher 1976 Spanish beet crop.

## Angola seeks coffee pact membership

THE INTERNATIONAL Coffee Organisation's executive Board is expected to recommend an Angolan application for membership at a special meeting to-day.

An earlier approach by Angola, following the granting of independence, was opposed by most members, apart from Brazil and one or two African nations.

Angola has meanwhile become a member of several United Nations agencies and no opposition is expected this time.

● Prices for Kenyan coffee—among the best quality in the world—reached record levels at yesterday's Nairobi auction. The A-B grade achieved a top price of 30,000 Kenyan shillings (£2,000) a tonne, nearly 2,600 shillings above the record reached on May 25.

EEC STRAWBERRY SUPPLIES

## Need for adequate market information

BY A SPECIAL CORRESPONDENT

THE RECENT conference of strawberry producers in Brussels—at which all EEC member countries except Ireland were represented—was the latest attempt to regulate production and marketing of this most vulnerable crop.

Unlike apples or tomatoes strawberries have a shelf life of 48 hours and so must be disposed of at once by the market to which they are sent. Harder and more durable fruit can be held by the market or retailer in times of glut or even switched to another place where demand is greater.

It is this 48-hour life of strawberries which makes them vulnerable to every market influence from over-supply at any one point to consumer resistance at the other end.

Within Europe the position, although not desperate, is quite critical. The EEC alone grows about 350,000 tonnes of strawberries a year, the Eastern bloc 250,000 tonnes and other Mediterranean countries with Portugal about 45,000.

In this Italy is the biggest producer with over 140,000 tonnes a year. France comes next at 70,000 and the U.K. 50,000. Western Germany is the largest importer taking the bulk of her fruit from Italy.

The conference came up with the usual resolution to the EEC Commission asking for Community preference, without tackling the much more urgent problem of adequate market information and distribution within the Community itself.

This according to key figures in the industry is what is required more than anything else at the present time. To know the amounts destined for any particular market at the time it is being prepared for sending could obviate over-supply to any one area with unwanted supplies being diverted to markets where they could be absorbed.

Instead of the practical and constructive approach of market organisation within the Community being at least debated fully, there was the sorry spectacle of delegates returning to their respective countries resolved to insist at all costs on production from their own country going just wherever they wish. Market gluts and failures are being blamed squarely on third countries and the disruption that even small quantities sent to the EEC can cause.

There seems little hope that the Commission will find time even to discuss the requests from the strawberry producers for: strict maintenance of Community preference; realistic prices from processors; import surveillance rigorously enforced; a reference price system for strawberries and every effort to increase consumption within the Common Market.

It is certain that strawberry producers along with many others who grow crops for consumption will be told to seek their own salvation within the existing rules.

Producers in this country are looking forward during the season just starting to prices on the fresh market which will just cover the increased costs due to inflation while in the large processing area around Wisbech it is hoped that £300 per ton will be paid eventually.

As usual the processing companies are hanging on as long as possible before committing themselves in the hope that the growers will be forced to conclude deals at less than this figure. There are, at present reports that some have signed agreements for sums varying from £260 a ton to £280.

One part of the strawberry business which is flourishing, however, is suplying the "top end" of the fresh market. Here one Kent group has 32 members growing a total of nearly 7[illegible] acres of strawberries between them representing 20 per cent of the Kent acreage.

This is marketed now in the so-called Tectrol system perfected by the Americans for transporting highly perishable goods so that they arrive on the market in pristine condition.

The group reports that returns received for better quality strawberries justify the expense of an extra 2p a pound which the transport system costs.

## Japan the key to wool demand buoyancy

SYDNEY, June 15.

JAPANESE DEMAND would be watched closely at Australian wool sales this week, said the National Council of Wool Selling Brokers.

Despite widespread world competition, Japanese buyers last week completely dominated strongly rising markets in Melbourne, Sydney and Fremantle. The buoyancy of this week's demand would depend to a significant degree on Japanese raw wool requirements in the next three months, the Council said.

At to-day's Newcastle sale the main interest was from Japanese buyers, but prices were quoted from par to 2.5 per cent. cheaper than those of last week for all types of Merino fleece, skirtings and carding wools. Fine wools were least affected.

Clearance to the trade of the 12,637-bale offering, including 3,589 by sample, was 98 per cent.

In Hobart, Tasmania, however, the 21-23 micron range and the 23-28 range were 2.5 per cent. dearer, compared with last week's close on the mainland, the official report said.

Competition was keen, western and eastern Europe and Japan being the principal operators. Support also came from Bradford and local mills. All the 11,304 bales offered were taken by the trade.

The recent upsurge in demand is attributed to a continuing revival in the world wool textile trade; the covering of orders against the July/August Australian sales recess; and growing trade fears of a shortfall in estimated Australian raw wool output in 1976-77.

The trade last week accounted for 96.4 per cent of the 105,4[illegible] bales offered, the Council said.

Mr. Bill Williams, director of the brokers' council, said the average price realised for the 476,196 bales sold last month was 150.11 cents a kilogram greasy, or $A222.05 a bale.

The 3.2m. bales sold during the 11 months ended May 31 brought 143.25 cents a kilogram or $A213.43 a bale, Mr. Williams said. The price per kilogram was 11.42 per cent. up on that for the corresponding 11 months of last season.

Total proceeds so far for 1975-76 were $A689.6m., against $A741m. for the previous period but less wool had been sold.

Reuter

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Marginally easier on balance on the London Metal Exchange. Forward metal rose to £934 in the pre-market owing to fresh speculative demand prompted by the higher trend in overnight U.S. commodity markets. In the rings, however, hedge selling and trade offerings lowered the price to £917 before it ended at £925.5 on the Kerb. In the afternoon fresh profit-taking and hedge selling developed prompted by the lower opening of Comex and forward metal fell [illegible] to £918. Turnover 18,675 tonnes.

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Wirebars** | | | | |
| Cash | 895.5 | −.5 | 887.5-8.5 | −1.5 |
| 3 months | 927.5 | −.25 | 919.5-20 | −1.5 |
| Settlem'nt | 895.5 | −.5 | − | ...... |
| **Cathodes** | | | | |
| Cash | 883.5-4 | −1.75 | 879 80 | +1.5 |
| 3 months | 914.5-5.5 | +.5 | 910.5-1 | +1.75 |
| Settlem'nt | 884 | −2 | | |
| U.S. Prod. | − | | *70 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £895, three months £932, 28, 24 to 27 to 26.5 to 27. Cathodes: cash £884, 3.5, three months £913. Kerbs: Three months £923 26, 26.5, 26, 25.5, 25, 26.5, 26, 25.5. Afternoon: Wirebars: three months £920, 19, 19.5, 20, 19, 18, to 20. Cathodes: three months £910.5, 11. Kerbs: three months £919, 18.5, 19, 19.5, 18, to 19.5.

TIN—Gained ground. A record level of £4,600 for forward standard metal was reached in the pre-market owing to short covering and speculative buying prompted by the firmness of copper and the further overnight rise in Penang. In the Rings, however, the price eased to £4,550 following selling which was believed to have been on behalf of the buffer stock [illegible]

[illegible]

LEAD—[illegible]

ZINC—[illegible]

## SILVER

[illegible]

## FREIGHTS

DRY CARGO—[illegible] ... was fixed for a voyage from Antwerp to Persian Gulf at $4,550 daily July and a vessel of 8,745 long d.w.t. for a voyage from Dominican Republic to New Orleans at $2,600 daily June.

## COCOA

Prices drifted lower, amidst scale-[illegible]

## COFFEE

[illegible]

## ARABICA CONTRACT

[illegible]

## RUBBER

SLIGHTLY EASIER [illegible]

## GRAINS

THE BALTIC—[illegible]

LONDON GRAIN FUTURES MARKET [illegible]

HGCA—[illegible]

Soft milling wheat—Humberside 74.90. Feed barley—Gloucestershire 70.50; Humberside £70.50.

## SOYABEAN MEAL

Market opened firm on strong Chicago close and further European buying. In the afternoon prices moved sharply [illegible]

## SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

## WOOL FUTURES

[illegible]

## MEAT/VEGETABLES

MEAT COMMISSION—[illegible]

SMITHFIELD [illegible]

COVENT GARDEN (Prices in sterling)—Imported produce: Oranges—S. African: Navels/Proteas/Tamangus 56/150 3.05-3.45; Jaffa: Valencia Lates 2.80-4.00; Cypriot: Valencia Lates 3.60-3.80; Spanish: 2.50-3.80; Californian: Valencia Lates 3.50-4.00. Lemons—Italian: 2.80-3.90; Spanish: cases 2.00-2.40 cartons 0.80-1.80; South African: 3.50-3.80. Melons—Israeli: Yellow [illegible]

## JUTE

[illegible]

COTTON—Liverpool—[illegible] ... deterred much forward business, but scattered contracts were arranged in Iranian, Turkish and East African qualities.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ships side (unprocessed) per stone: Shelf cod £2.30-£2.60, Codlings £1.20-£2.30, Large shelf haddock £3.10, Medium £2.90, Small £1.80, Large plaice £4.30, Medium £4.30, Best small £2.30, Medium skinned dogfish £5.50, Large £6.20, Lemon soles £4.80-£5.40 Rock fish £1.20, Reds £1.30, Saithe £1.29.

## PRICE CHANGES

Prices per ton unless otherwise stated.

| | June 15 1976 | + or − | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £456 | | £456 |
| [illegible] | | | |

## FINANCIAL TIMES

[illegible]

## REUTER'S

[illegible]

## DOW JONES

[illegible]

## MOODY'S

[illegible]

## U.S. Markets

### Soyabeans and sugar still strong

NEW YORK, June 15.

[illegible]

## U.S. experts to check USSR crop progress

MOSCOW, June 15.

A TEAM OF U.S. grain experts had left Moscow for the Ukraine on a tour to check the progress of the Soviet winter grain crop, a U.S. spokesman said.

The three-man team, led by Mr. Jack Aschwege, of the U.S. Department of Agriculture, was making the tour under the terms of the trade agreement last September, committing the Soviet Union to buy between 6m. and 8m. tonnes of U.S. grain annually over the next five years.

USDA experts last week forecast that bad weather would reduce the 1976 winter grain crop to between 45 and 50m. tonnes, compared with the goal of 60m.

The experts are also due to visit the North Caucasus before returning in the first week of July.



# COMPANY NOTICES

TIGER OATS AND NATIONAL MILLING COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

Notice to Preference Shareholders

[illegible]

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. Pattison

London Office:
40, Holborn Viaduct
EC1P 1AJ.
15th June, 1976.

[illegible]

FALCONBRIDGE

DIVIDEND NUMBER 123

Notice is hereby given that a quarterly dividend of Twenty-Five Cents (25¢) per share has been declared by the Board of Directors of Falconbridge Nickel Mines Limited, payable in Canadian funds on June 30, 1976 to shareholders of record at the close of business on June 14, 1976.

By Order of the Board
J. D. Krane
Secretary

Toronto, Canada
June 2, 1976

BODYCOTE INTERNATIONAL LIMITED

9 [illegible]% Guaranteed Unsecured Loan Stock 1976

NOTICE IS HEREBY GIVEN that the above Stock will be redeemed at par on the 30th June 1976, repayment warrants posted on that day.

By Order of the Board
Connaught St Michaels Limited,
Registrars.

I.G. INDEX—01-351 3466 DECEMBER SUGAR 196.20-197.80

FINANCIAL TIMES SURVEY
Wednesday June 16 1976

# Plastics

The revival of the international economy has raised hopes of a record year for the industry. But price rises are inevitable if high investment is to continue. The U.K. industry has a stable source of raw materials from the North Sea but the processing end of the industry needs strengthening.

## Full capacity returns

By Rhys David

AFTER THE disastrous fall-off in demand in markets around the world in 1975, companies engaged in the plastics industry, whether as suppliers of material, processors, or suppliers of equipment, have been enjoying the comparative luxury in the early months of this year of seeing their plants come back to full capacity.

For with the major economies recovering, bringing increased demand for cars, consumer durables, packaging and other products where plastics are now an important element, and with customers recognising that further increases in plastics prices are likely, destocking has ended and restocking is taking place.

Though much will clearly depend on whether the revival continues, the signs have been encouraging enough for some of the big companies, particularly in the U.S., to predict that the latter half of 1976 and 1977, could be record years for the plastics industry.

In the U.K., too, where capacity utilisation in the processing sector fell to some 60 per cent. last year, with overall consumption down from the 2m. tonnes figure in 1974 to around 1.6m. tonnes, the big chemical companies which supply the industry have been able to report a significant improvement in first quarter results, with recovery in plastics a significant factor.

### Improvement

The improvement in demand has encouraged the industry to hope that plastics will again be able to grow at double or more the rate of increase in gross domestic product in most countries, though it is accepted this might not be as rapid as in the past. Worldwide a figure of 6 per cent. to 8 per cent. annual growth in plastics demand to 1980 is now being forecast.

*Furthermore* the industry remains confident that the enormous increases in energy costs will not have significantly changed the position of plastics in relation to competing materials. Though its main raw material is energy in the form of oil products, the energy content employed in making plastics and converting them into industrial products is substantially smaller, for example, than is required in the manufacture of glass or metals.

But, while the industry remains confident about its competitiveness, the producers of raw materials have also been making it clear that substantial price rises remain to be passed on to industrial customers. The chemical industry worldwide has been faced with a very substantial increase in the price of the oil-product naphtha, one of its main raw materials, which has carried more than its proportionate share of the fourfold increase in oil because of the very weak state of demand for some other oil products such as heavy fuel oil.

In the U.K., where sterling devaluation has further added to costs, the industry's bill for naphtha has increased seven times on the figure for 1972. Last year with demand down by an average of 25 per cent. in most countries, the producers were unable to recover these extra costs. Though the chemical companies have been taking the opportunity of increased demand this year to put up prices, further increases are envisaged.

The British Plastics Federation in a recent report forecast a 20 per cent. rise in prices of *LDPE* this year and a continuing 10 per cent. per year rise up to 1980. Polypropylene, polystyrene and others polymers are expected to see similar increases of 10 per cent. per year, though these estimates well prove in retrospect to be conservative.

The alternative to higher prices, as the chemical producers have pointed out, is diversion of resources to other more profitable areas. Though existing and planned capacity means there is unlikely to be any shortage of polymers supply in the short-medium term—except in the event of another very rapid boom — later rounds of investment will certainly go ahead only if and when the chemical companies see the prospect of obtaining the much higher returns required to finance large-scale new capital investment projects.

For as well as paying more for raw materials such as *naphtha, the chemical industry* is also feeling the effect of inflation on plant costs. In the U.K. in the past six years the cost of constructing a plant to produce ethylene, which goes into around one third of all plastics, has increased more than six times, and any new project embarked upon now is likely to suffer from further cost escalation.

### Costs

Further pressure on plant costs is also coming from increasingly stringent environ*mental and safety standards* now being applied around the world, and research too has become much more costly.

*Worldwide, therefore,* the industry remains confident that it will continue its above average rate of growth providing prices move in accordance with costs. In the U.K., too, as the most recent survey by the BPF on investment intentions in the processing sector demonstrated, there is optimism over prospects later in the year, but inevitably Britain's economic difficulties give grounds for continued caution.

Largely as a result of the much lower rate of growth than in other European countries Britain's share of European plastics raw materials production has declined steadily since the mid-1950s. Part of the reason for this is that Britain has a much lower usage of plastics per head of population than other European countries because of the more sluggish U.K. economic performance. West German consumption per head is more than twice that in the U.K., and in France and Germany consumption is as much as one and a half times as great.

The chemicals industry economic development committee in *a recent report pointed out* that the advent of North Sea oil — providing a secure source of supply — and confirmed membership of the EEC, does provide the U.K. with increased opportunities, particularly for improving sales to Europe. *There is, too, some evidence* that investment in the production of plastics materials in the U.K. is being stepped up to meet the rising demand expected in the rest of the decade, particularly from Europe.

BP is continuing its programme of investing in the main downstream sectors where it is involved, and is currently building with ICI a joint 500,000 tonnes ethylene plant at a cost of more than £135m. on Teesside. ICI is itself building various downstream plants and has also announced major extensions to its facilities for producing pvc in the U.K. Further investment in pvc has also been announced by another company, British Industrial Plastics, and Monsanto, the U.S.-based producer, is making its largest investment outside the U.S. at Seal Sands on Teesside, where it is spending more than £120m. on a plant to produce acrylonitrile for use in fibres and plastics production.

Borg-Warner is to spend £20m. on expansion of its Grangemouth facilities in Scotland for the production of ABS and MBS resins, and Shell is expected to make a decision later this year on a major new ethylene plant in the U.K., again likely to be accompanied by downstream facilities.

The company is also currently engaged in an expansion of its Epikote resins plant at Stanlow on Merseyside. The U.K. was also likely to become an increased form of investment by Union Carbide, following the company's decision to make BXL its British subsidiary, its principal European phenolics outlet.

### Urgent

*But while these and other de*velopments will do much to ensure the continued growth of supply in the U.K., there is some agreement that the most urgent problem within the industry remains the strengthening of the consumers of these products, *the plastics processing industry.*

The industry consists at processing level of at least 3,000, and on some estimates as many as 5,000 companies, employing around 156,000 people, with a total turnover of around £1,500m. in 1974. Most of the companies are in a turnover range of around £500,000 to £600,000. Total turnover of the whole U.K. plastics industry, including the supply of plastics materials, additives, processing machinery, dies and moulds is put at £2,300m.

The problems faced by the plastics processing industry in recent years have been those of other sectors of the economy, in particular those where small companies predominate. The industry has been affected by new tax burdens, including capital transfer tax, and on prices is in danger of being squeezed between the desire of suppliers to put up prices and the reluctance of customers to accept that these have to be passed on. The processors have themselves in some cases been able to hold down their costs over the past year by buying some raw materials offered at very low prices by Continental producers, particularly in Italy, but these supplies are now in danger of being priced out by U.K. devaluation.

New health and safety requirements are also estimated by the BPF to be adding some 10 per cent. to the capital cost of new machinery on top of the extra costs now having to be faced for machinery imported from the Continent. The industry is also deeply critical of the Price Code, which it claims will seriously affect its ability to make a higher return now that demand is picking up unless drastic modifications are made.

The processing sector expects on the basis of varying assumptions about the U.K. growth rate that demand for plastics *could rise from 2m. tonnes in* 1974 to 2.3m.-2.6m. tonnes in 1978, climbing further to 2.75m. tonnes in 1980.

### Base

To achieve this increase the BPF estimates the capital base of the industry will need to rise from £735m. in 1974 to £855m.-£988m. *in 1978, and to* secure the necessary finance a return on capital of more than 25 per cent. will be required—substantially more than most companies are currently achieving.

This rate of growth neverthe*less remains* much less than the industry feels could be obtained if full advantage were to be taken of North Sea oil. The BPF *points out that oil converted* into relatively simple plastics products can represent a 12-20 fold increase in added-value and *a substantially greater increase* for sophisticated products.

But while the idea of greater integration from oil through to finished products—replacing imports into the U.K. and adding to overseas exports—is attractive, the performance of the U.K. economy compared with the rest of the world over the next few years is likely to limit the extent to which this can be put into practice.

Faster growth rates in other Europeaen countries have led to greater innovation in the use of plastics and consequently to a higher consumption per head. European-built cars which carry a substantially greater proportion of plastics components than their British counterparts are an example of this.

Some of the big engineering groups such as GKN have gone very deeply into plastics because of the prospects the material offers for replacing machined parts. Metal suppliers like Amari have also diversified into plastics. In general, however, over much of industry's lack of funds has been responsible for discouraging innovation and this has further affected international competitiveness.

The need to participate in faster-growing markets and to be sure of a reasonable rate of return is one reason for the expansion by U.K. plastics producers of their interests in Europe, and for the hesitancy of the big European plastics producers to invest in the U.K. Particularly where bulky products too difficult to transport from the U.K. are involved U.K. producers have decided investment in the EEC is necessary to share in faster Continental rates of growth.

The next few years will determine whether this trend becomes more firmly established or whether the U.K. can reverse its declining share of European plastics production. Much here will depend on whether the diffi*culties facing the downstream* sectors are overcome.

The problems facing the industry have now been well identified in a number of reports and some action has followed. The Government has included plastics materials in its list of growth sectors, though it is not clear what this means in practice. Paradoxically materials processing has not been included. Proposals have also been put to the Government for assistance for *the machinery sector, which has* been affected by imports pressure.

The BPF has set the industry the goals of achieving a higher U.K. consumption of plastics through special concentration on marketing. The industry, which has maintained an overall trade balance in most recent years (though not with the EEC), has also been set the target of increasing exports—currently estimated at around 30 per cent. of the processing sector's output—and reducing imports.

The degree of success will clearly depend, however, on many factors outside the control of the industry, not least the performance of the U.K. economy and the overall business climate created by the Government. Simply being a growth industry has not prevented U.K. plastics from sharing most of the problems of the economy as a whole.

# Feedstock sales start to climb

THE RECENT decision by Imperial Chemical Industries to cut the average credit term to U.K. customers is further evidence of the strength of recovery in the chemical and plastics industries. That is not the sort of action taken during a recession.

Another indication of the growth potential comes from the British Plastics Federation's latest business trends survey. Without exception the materials producers expected home sales to increase between July and December this year. Eight out of ten expected exports to the EEC to rise while 70 per cent. foresaw an increase in export sales to non-EEC markets.

Another Federation report, published in April, suggested that U.K. thermoplastics demand could rise 10 to 20 per cent. this year, with a further growth of 50 to 100 per cent. up to 1980. There were similar expectations in the rest of Western Europe.

## Ethylene

Mr. Bill Thomson, chairman of Shell Chemicals U.K., in looking further ahead to the period between 1980 and 1985, records the popular current assumption that ethylene demand could carry on growing at an average annual rate of around 6 per cent. On this basis, ethylene consumption in Europe could reach 20m. tonnes by 1985—putting pressure on the chemical industry to provide some 5m. tonnes more capacity by the mid-1980s. Closing that 5m. tonnes gap would require the construction of ten world-scale ethylene complexes.

This growth, both in the short- and medium-term, pushes to the fore the question of feedstock, one of the most important fundamental factors in any investment decision these days. Once upon a time, back in those heady days before the 1973 oil crisis, the chemical and plastics industries gave little serious thought to feedstock: it was assumed that raw materials would be available.

The traditional petrochemical industries throughout the world were based on surplus oil company fractions and cheap gases. In the U.S. the industry was largely established on a feedstock of ethane, extracted from natural gas. In Europe the industry took surplus naphtha at fuel value from fuel-oriented refineries.

How the situation has changed. Naphtha is no longer a by-product of refineries, to be disposed of at a throw-away price. It has become one of the fastest growing oil products, leaving the chemical industry to compete with the petrol market for supplies. This competition, together with the five-fold increase in crude oil prices, has transformed the chemical industry's feedstock costs.

Naphtha, which could once be purchased in Europe for around $20 a ton is now costing nearer $150 on the Rotterdam spot market. There has been an appreciable increase in recent months giving a more accurate indicator perhaps of the way the economic recovery—and hence competitive pressure—is affecting prices. In October last year, for instance, spot prices were reported to be around $115 a ton while in January they were about $132.

Not only are the plastic material suppliers adjusting their pricing structure to reflect the new values of feedstock (these adjustments are easier to achieve at times of growth and peak demand); they are also being forced to re-evaluate their supply and manufacturing positions.

Up to now the base petrochemical plants have been relatively simple and inflexible, designed to accept one form of feedstock only. Increasingly in future they will be more flexible, able to take advantage of short-term market fluctuations in different feedstocks. In addition they will become more sophisticated and expensive, a point made by Mr. Geoffrey Paton-Williams, an ICI Petrochemicals Division director, in New York last month. He foresaw a trend away from naphtha towards other feedstocks, particularly gas oil, in Western Europe and a marked movement in the U.S. from gas and gas liquids towards heavier feedstocks.

Having accepted this change, the petrochemicals industry has the agonising task of trying to meet possible growth with new and extremely expensive capacity. If it under-invests it restricts the growth of the material users, the plastics and man-made fibres industry in particular. As recently as last autumn there was a shortage of benzene available to the chemical industry, resulting in a temporary tight supply of styrene monomer. Here is a clear case of a chemical feedstock being wanted in another voracious market: benzene is being used increasingly to replace lead in petrol.

A shortage of raw materials is not only harmful for the users—plastics processors and the like—but to the country as a whole. The mark-up in added value terms from oil to the finished plastics article is perhaps 20-fold for relatively simple products and many times higher for more sophisticated items.

On the other hand, material suppliers must be wary of building new capacity too enthusiastically. By building too much too soon they face the prospect of overcapacity. The chemical industry remembers all too clearly how this leads to eroded profitability and a curtailment of future investment.

## Availability

In considering expansion plans, materials producers must not only consider the likely demand but also the availability of various essential feedstock. Here the British industry is probably in a better position than any of its associates in Western Europe. With North Sea oil and gas now coming ashore, U.K. petrochemical companies have an opportunity of tapping an assured supply of feedstock, providing there is no political interference.

A recent National Economic Development Office report on prospects up to 1985 stressed the importance for Britain of a large and healthy chemicals sector. It also pointed to the opportunities available for British and overseas companies to exploit North Sea resources.

There is already a considerable chemical industry presence in offshore exploration and development, either directly—as in the case of ICI and Monsanto—or through parents like Shell, BP and Esso. In addition a number of material producers are making tentative arrangements for receiving feedstocks from North Sea participants.

Dow Chemical, for instance, has been negotiating with Shell/Esso over the possible supply of ethane from Brent Field. It is likely that the average volume of ethane produced from Brent will be in the range of 650,000 to 800,000 tonnes a year, sufficient to yield about 500,000 tons of ethylene. So it is possible that one ethane-fed cracker, such as the one proposed by Dow, might be built in the U.K.

It may be that the prospects for ethane as a feedstock have been over-stated recently and that other natural gas liquids, such as propane and butane, could play a much more important role in this field. One report suggests that by 1985 the annual output of North Sea gas liquids could be 3m. to 5m. tons considerably overshadowing the volumes of ethane of well below 1m. tons. Such a production level might well prove to be much more than Europe could absorb as a petrochemical feedstock.

The availability of propane and butane in large quantities could well result in both products losing the premium rating they now enjoy. They would thus become more attractive as a chemical feedstock.

On the face of it, the U.K. chemicals and plastics industries are in a far more favourable position than their counterparts on the Continent when it comes to security of raw materials. Whichever feedstock they choose—gas or oil-based naphtha—the North Sea should be able to provide that all-important security of supplies. Whether British industry will grasp this opportunity remains to be seen.

## Stimulate

The Chemical Industries Association feels that assured supplies of feedstock coupled with market freedom and a minimum of political interference should be enough to stimulate growth. The British Plastics Federation would like to see more fiscal encouragement. It has been trying to persuade the Government to find a formula which would enable the plastics industry to buy North Sea feedstock at a discount, perhaps through a rebate scheme. Mr. Christopher Bromley, deputy director of the Federation commented: "We are quite sure that a strategy can be devised compatible with this spirit."

While it must remain doubtful that the industry will be given preferential treatment there is no reason why the Government should not take a more positive attitude towards industrialisation on the basis of North Sea oil and gas. Indeed, in this respect it might take a leaf out of the book of some of the Middle East producers.

**Ray Dafter**







# Pricing worries for producers

POLYMER CAPACITY is more than adequate to meet probable demands through to 1980. Shortages, if they occur, will appear in feedstocks. Killed by the oil crisis, the era of cheap plastics is not only over, its primary characteristic of declining unit costs is unlikely to return—even with the advent of North Sea oil. That, broadly, is the outlook of plastics raw materials producers as they begin their recovery from their worst recession ever.

What has happened is a fundamental economic shift in feedstock production. Although still capital intensive, petrochemicals now carry a significantly higher raw material element in their production costs—in the case of ethylene from naphtha crackers, 65 per cent. as against around 40 per cent. in 1972. Coupled with an explosive growth in plant costs, it means new plant can be a less attractive capacity investment than debottlenecking an old one. It also means that in the future petrochemical producers are going to be more concerned with maintaining high price levels for polymer feedstocks like ethylene, propylene and benzene, than running their plants at full capacity.

High feedstock costs are likely to be permanent petrochemical producers explain, because chemical naphtha, the plastics industry's main raw material, now competes with gasoline for an upper fraction of the oil barrel. Failure to price it competitively with motor gasoline feedstock, they claim, could lead to the gasoline pool drawing in too much primary naphtha leaving petrochemical outlets short when seasonal demand for petrol rises each summer.

## Aggravated

In Britain the position is aggravated by successive sterling devaluations, by the recent mild winter, and by the recession itself. Naphtha, like crude oil, is priced in dollars and becomes dearer with each fall in the pound. In addition, refiners are trying to raise naphtha prices to compensate depressed prices for gas oil, used mainly for domestic heating, and fuel oil. Low demand for fuel oil is critical in another respect because it puts a brake on refinery throughout, limiting availability of primary naphtha. The medium term outlook for naphtha supply, through say 1980, also depends therefore on how Europe's economy comes out of the recession. The betting at present is that oil throughput will continue to grow but at a very modest rate. This means chemical naphtha and motor gasoline feedstock will take up all the primary naphtha available producing temporary shortages in the face of even small fluctuations in supply and demand.

Given sufficient naphtha, supplies of polymer feedstock should be adequate in the U.K. for the rest of this decade according to a recent supply study by the British Plastics Federation. For a short period at the end of this year, however, supplies of styrene monomer could be tight, the BPF says. For Europe as a whole there could also be an imbalance in propylene next year, although it is not clear if this would affect the British market. Propylene shortages will increase up until 1979 as new polypropylene capacity is introduced according to estimates by CEFIC, the Centre Europeen Federation Industrie Chimique, the European Community's chemical voice in Brussels.

Against this background polymer and resin producers' immediate problems are likely to be on price rather than ability to supply. To keep up with feedstock and capital costs they are looking for annual rises of at least 10 per cent. in the commodity thermoplastics. So far they have obtained such increases and made them stick, but the going is not easy. Accustomed to generally low price levels both processors and end-users are resisting price changes and this, according to a recent BPF business trends survey, is putting a brake on demand. In the light of higher resin prices and generally much higher per capita consumption elsewhere in Europe, producers are optimistic this can be overcome. In their view, the Price Code remains, however, a major stumbling block. One particular anomaly, they hope, will be removed in revisions due this month. At present it is possible for one producer to be allowed a price rise but be unable to carry it out in practice because a competitor cannot follow.

On the supply side, producers expect a progressive move from present over-capacity in relation to depressed demand to a broadly balanced position sometime next year. In the medium term they also intend to cover U.K. demand largely from domestic production.

Highest growth rates, between 15 to 20 per cent. are forecast for polypropylene (pp), which should reach 300,000 to 350,000 tons in 1980 if feedstocks permit. Currently PP is also the one commodity thermoplastic on restricted supply pending the start up of ICI's new production unit at Wilton. The delay in this plant could prevent consumption reaching forecast levels of around 180,000 tons this year. Prices are predicted to rise by 10 per cent. a year. Whether this can be realised, however, depends how supply and demand develops in Europe as a whole. On the one hand propylene supplies could be tight, on the other a 20 per cent. surplus capacity is on the cards for PP in 1978.

High density polyethylene (HDPE) should also show well above average growth, around 11 per cent. a year. BP Chemicals, now Britain's sole supplier is just completing new capacity which with 120,000 tons/yr. will make the U.K. self sufficient in HDPE again. A further 55,000 tons/yr. is scheduled for 1978 giving a total capacity well in excess of the 170,000 tons anticipated as demand level in 1980. Low density polyethylene (LDPE) in contrast is expected to grow at a rate of 7 per cent. after picking up by 10 to 15 per cent. this year from 1975s low levels. With full recovery of film demand for packaging and consumption this would bring consumption to around 600,000 tons in 1980 producers estimate. Prices are expected to be 20 per cent. higher this year than last, continuing with an annual rise of 10 per cent. in line with ethylene costs.

## Supplies

Depending on how supplies may be restricted by styrene monomer feedstock, polystyrene should also grow at a rate of 7 to 8 per cent. a year. Following a return to 1974 consumption levels of 150,000 tons this year, this would bring demand up to 215,000 tons in 1980. At that level consumption could be adequately covered by to-day's estimated capacity of 275,000 tons. In expanded polystyrene (EPS) potential demand judged by the lag in Britain's per capita consumption—0.3 kg for 1.7 kg/head in West Germany—is enormous. No producer is betting on it, however. Dropping from a 23,000 ton peak to 18,000 tons last year, demand is expected to climb steadily to 25,000 tons in 1980. By comparison present nameplate capacity at Monsanto and Shell Chemicals is over 66,000 tons. In contrast high growth is forecast for the third major styrenic, ABS which should return to 1974 levels this year, about 36,000 tons, as demand picks up in automotive, appliances and packaging end uses. Even if 10 to 15 per cent. growth rates are achieved, however, capacity will stay ahead of consumption. Current U.K. capacity, 50,000 tons/yr. will be augmented by a 55,000 ton Borg-Warner Chemicals expansion at Grangemouth.

For PVC a 10 per cent. growth is forecast for this year bringing consumption levels back to 1972 levels, roughly 370,000 tons/yr. This compares with a capacity of 490,000 to 535,000 tons/yr. The outlook up to 1980 is for a 50 per cent. growth over 1975 reaching 550,000 to 600,000 tons/yr. Capacity for both vinyl chloride monomer and PVC resin should be sufficient to meet this, according to industry sources.

**Peter Ellwood**
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# Machine makers lack capacity

STRONG IN technology, weaker in manufacturing capacity, seems to sum up the present state of Britain's plastics processing machine industry. Like so many other sectors of the U.K.'s engineering industry, plastics machinery makers have seen their once dominant market position eroded by fierce competition from overseas.

The major attack throughout the 1960s came from Germany and Italy—the Germans with their reputation for advanced technology taking the top end of the market, and the Italians with cheap but nevertheless efficient equipment, the lower end. Later these countries were joined, among others, by France, Spain, Sweden and Holland as well as East Germany.

To-day, it is reckoned that imports account for nearly 50 per cent. of the U.K.'s prime processing equipment market, which involves injection and blow moulding machines, thermoformers and extruders. It is only in compression and transfer presses that U.K. manufacturers truly dominate the home market.

Imports in 1975 totalled £21m. Injection machines accounted for 25 per cent. at £5.2m.; extruders 22 per cent. at £4.7m. and blow moulding machines 5 per cent. at £1.0m. The main countries of origin were dominated by Western Germany.

## Imports

On the basis that imports represent around 50 per cent. of total sales value—and this is only an estimate since British manufacturers do not divulge the value of their home market trade—the 1975 U.K. market could be put at around £42m. for prime processing plant. However, this is only part of the picture, as ancillary machinery used by the plastics processing industry in secondary processes and finishing operations must be added. In all, this could well have added above £15m. to the market last year. Then again there is the total for moulds, a major item of capital expenditure for most plastics processors. Estimates made by the Gauge and Tool Makers Association put the value for moulds for plastics at £25-£28m. for 1975.

On the credit side, U.K. manufacturers exported prime processing machines worth £19m., over 20 per cent. of which was accounted for by injection machines. There was a good showing in machines for boot and shoe making and thermoforming machines, where, in both cases, exports exceeded imports. By contrast, there was a negative balance of trade of over £3m. in extruders.

In 1974 the comparative total for imports was £29.3m., a figure that clearly shows the extent to which the U.K. market declined in 1975. By comparison, the 1975 performance of U.K. maufacturers in exports was far better than might have been expected in view of the international recession in sales of capital goods. At £19m. sales were £4.4m. up on 1974 and the adverse trade gap was thus narrowed to just below £2.0m.

The first three months of 1976 show an even more satisfactory position, with U.K. manufacturers clearly benefitting from the fact that, internationally, trade has picked up considerably in the past six months. Against 1975, exports have risen by £0.8m. to £5.3m. One the same basis imports declined by £1.4m. giving the U.K. a slight but nevertheless favourable balance of trade.

The general conclusion to be drawn from these high export figures is that in technological terms, British-built machinery is as advanced as any produced in the rest of the world. In fact, there is some justification in the criticism that one of the reasons for the poor showing of British machinery in some areas has been the failure to exploit and publicise technical advances.

In injection moulding in particular, U.K. companies have made significant contributions to processing efficiency and energy conservation. The efficiency of energy utilisation of typical large injection machines is only 12-13 per cent. Through an advanced development GKN Windsor, in conjunction with Rolinx, one of the U.K.'s leading processors, has improved that level of efficiency to 25-30 per cent. The project involved the twinning of two 1,800 tonne machines in such a way that they can be used in tandem or as completely separate units to give tremendous flexibility in terms of machine utilisation. The key to improved efficiency is the use of gas filled accumulators which allow total installed motor capacity to be reduced to 250hp as against a more typical 1,000hp on a conventional machine of comparable size.

Another development pioneered in the U.K. is the use of vented barrels on injection machines. By eliminating the need for pre-drying when hygroscopic materials — nylon, polycarbonate, ABS and acrylic, for example—are being processed, the vented barrel reduces direct operating costs and eliminates the need for ancillary drying equipment. Rejects are also reduced, thereby contributing to process efficiency.

The industry is also benefitting from the results of fundamental research into polymer processing undertaken—often on the basis of multi-company sponsorship — by engineering faculties of several universities. In an area where the U.K. was considered weak, notable contributions have already been made by Queen Mary College, London, and the Universities of Bradford and Cambridge.

The main problem facing the plastics machinery industry is a basic lack of manufacturing capacity. As the import figures indicate, the industry does not have the capacity to meet total home demand and at the same time to maintain its position in the export market. Overall, the industry has never been sufficiently profitable to justify capital investment at the level needed for continuing expansion.

Structurally the industry is reasonably well organised. The earlier fragmentation which was probably an important contributory factor in the loss of home trade to imported machinery, has been rationalised by mergers and acquisitions.

The slump of 1975 hit the plastics machinery industry particularly hard. The majority of plastics processing companies are relatively small and as such lacked the resources to invest capital in new equipment —or more important, in replacement machines — during the recession period. With business picking up, processing companies are beginning to invest again but with the industry's present capacity situation there is the risk that much of this business will again be picked up by overseas suppliers.

This is not the first time the industry has faced this situation. As in so many sectors of the British economy cycles of heavy investment followed by recession have been the most significant feature of the plastics industry pattern of business over the past 15 years.

## Forum

The problem has been recognised for long enough but now through the British Plastics Federation (the industry's trade association), and in consultation with the Department of Trade, positive attempts are being made to reduce the adverse effects of cyclical investment. In this the plastics industry seems to be well placed, for it is one of the few with a trade association that covers all its various branches — materials supply, processing and machinery.

Using the BPF as a forum it is hoped to identify the long term machinery requirements of the plastics processing industry, and then to find, possibly with the help of Government, the means to spend the necessary capital at a more consistently steady rate. In turn, this would allow the machine building industry to plan much further ahead, especially in terms of its own capital investment needs.

Increased capacity is not just a case of investing in new plant and machinery. Much could be done by increasing the efficiency of existing facilities. Productivity has never been high enough and as business activity recovers it must be raised if the plastics machinery industry is to remain competitive at home and in export markets.

Essential as this planning clearly is, it will not bring overnight success and in the meantime the plastics machinery industry must improve its position in the U.K market. Accepting that in technological terms U.K. machines are fully competitive, studies suggest that as much as 80 per cent. of all imports are replaceable by domestically - produced machines — then the industry must look to its marketing performance.

The U.K. is a very difficult market to sell into, in that British processors, unlike their counterparts in other Western European countries, put no particular priority on supporting their domestic machinery industry. This means that selling must be more aggressive and greater emphasis must be placed on delivery times, after-sales service, spares availability and so on. There is no doubting that the continuing success of many German machinery manufacturers on the British market owes much to the reputation for service they built up in the early 1960s.

Machinery manufacturers must also be more prepared to offer "complete" package deals including, for example, processing know-how and the supply of moulds, as do so many of their competitors. Here there appears to be a need for much closer co-operation between machinery and material manufacturers as well as between machinery manufacturers and mould makers.

In the shorter term, the recovery and expansion of the machinery industry could be export-led. The falling value of sterling makes U.K.-built machinery very competitive in export markets though in some areas there appear to be problems associated with the credit terms British companies are able to offer compared with their overseas competitors. In terms of participation at trade fairs and in specific trade missions, the involvement of the plastics machine industry in overseas markets is greater than ever before. There are already indications, not necessarily, as yet, reflected in the trade figures which suggest that these efforts are beginning to pay off.

**T. E. Tebbatt**
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**IMPORT-EXPORT TRADE IN PLASTICS PROCESSING MACHINERY 1975/76**
(£000's)

| Machine Type | Imports 1st Quarter 1975 | Imports Total '75 | Imports 1st Quarter 1976 | Exports 1st Quarter 1975 | Exports Total '75 | Exports 1st Quarter 1976 |
|---|---|---|---|---|---|---|
| Injection moulding for boots and shoes | 40 | 486 | 61 | 137 | 531 | 132 |
| Injection moulding | 1.840 | 5.218 | 1,303 | 1.155 | 4.012 | 592 |
| Vacuum and pressure forming | 92 | 391 | 146 | 127 | 448 | 194 |
| Blow moulding | 312 | 1.090 | 603 | 102 | 370 | 34 |
| Extrusion | 1.593 | 4.751 | 640 | 459 | 1,589 | 349 |
| Compression and transfer presses | 65 | 316 | 38 | 99 | 279 | 121 |
| Other machines (not specified) | 2.716 | 8.785 | 2,291 | 2.459 | 11.818 | 3.897 |
| TOTAL | 6,653 | 21,037 | 5,281 | 4.538 | 19,047 | 5.318 |

Source: H.M. Customs and Excise

**IMPORTS OF SELECTED MACHINES BY COUNTRY OF ORIGIN—1975**
(number of machines)

| | Injection machines | Vacuum and pressure formers | Extruders |
|---|---|---|---|
| Fed. Germany | 210 | 21 | 179 |
| France | 36 | 1 | 27 |
| Netherlands | 19 | 1 | 6 |
| Belgium/Luxembourg | 4 | — | 5 |
| Italy | 53 | 5 | 76 |

Source: HM Customs and Excise

# Processors find new unity

FURTHER moves towards rationalisation have occurred within the materials processing sector of the industry as a result of the recession, and there is to-day a much stronger sense of unity and an apparent determination to seek and establish a new corporate identity. The industry as a whole, in fact, has been told bluntly by the National Economic Development Office: "The establishment of an identity is an important prerequisite for the successful implementation of development strategies."

Basically, however, processing is a diverse but vital link in the production chain of the industry, involving 3,000-4,000 companies in the U.K. Many are small, others are medium-sized companies and subsidiaries, or simply manufacturers with in-house operations. Plastics processing can account for 100 per cent. of the turnover of a back-street moulder, and 100 times this amount may represent only one per cent. of the total turnover of a larger processor.

It is because this sector is distinguished by an above-average number of small firms that there is a tendency in official circles to regard it as "fragmented" and outside the planning concepts of national industrial strategy. Partly for this reason, perhaps, it was not included in the plastics "winner" sector of materials and synthetic resins, and is unlikely now to receive the "special attention" promised by Government. This, unfortunately, has led to an untimely and avoidable confrontation with the National Economic Development Office which, albeit semi-official, is seen as an instrument of national policy.

Official failure to recognise the vital importance of the sector has led to considerable resentment and outspoken criticism of Government. Plastics moulders and fabricators, it is argued, provide an enormous range of products, components, and services to most of the major industries in the U.K. Assisted growth in these industries, therefore, must be matched by assisted growth in the processing sector of the industry.

It is estimated that 80 per cent. of processing output goes to other industries and the rest to the general public. The principal customer industries are packaging (food, drink, chemicals, cosmetics, pharmaceuticals, and toiletries), construction (building, civil engineering, and chemical plant), electrical and electronics (cables, domestic appliances, and instruments), transport (cars, trucks, shipping and aircraft), and agriculture. To the general public goes a profusion of housewares, furniture, toys, small boats, and office equipment.

This enormous range of activity is estimated to yield upwards of £1,500m. a year for the processing sector, which again emphasises its importance in both the industry and national economy. It is a remarkable performance when compared with the estimated annual turnovers of the four other inter-related sectors of the industry: plastics materials (£600m.), additives (£100m.), plastics processing machinery (£80m.), dies, moulds and other equipment (£38m.).

*Processors are consequently entitled to argue that their services earn more than half the total of the industry's estimated annual turnover of £2,300m.—which at factor cost represents 3.21 per cent. of the U.K.'s GDP. And in an industry noted for its high added value what better measure is there of the comparative importance of processing?*

## Estimates

The estimates for plastics processing imply a mark-up of 2.1:1 from the inputs of plastics materials and additives. Although this is reckoned to be a reasonable average for most products, it must be recognised that the final selling prices of some wholly or partly plastics products may involve a substantially higher mark-up. Consequently, £1,500m. is taken by many to be a modest estimate of performance.

Notwithstanding the finer points and arguments that are bound to flow from a comparative analysis of performance, it is clear that processing has a prima facie case for recognition as part of the "winner" sector. It needs to be mentioned, however, that an important qualification for "special attention" is export performance and potential. It is estimated, for instance, that around 28 per cent. by value of the total output of the "winner" plastics materials sector goes overseas.

The processing sector, however, is also significantly involved in exports. Although this is mostly in the form of indirect exports, such as components of finished products, there is evidence to suggest that more firms are consciously turning to direct exports of their own products.

Fresh minds and attitudes in the industry have stimulated breakaway progress in this direction, and it is currently estimated that around 30 per cent. of the processing sector's output is now going abroad in one form or another. This surely must represent another important argument in the case for official recognition, especially during Export Year.

Export demand has encouraged new investment and expansion in most sectors of the industry, including processing, and some part of the credit for the greatly improved overseas earning capacity of plastics companies must go to the sustained promotional activities over the past two to three years of the British Plastics Federation and other voices in the industry. Although a renewed exports effort was seen by many at the outset as a temporary expedient to beat the anticipated downturn on the home market. It has since become more than ever before an important and established feature of the plastics industry. Confidence and determination in all sectors, including processing, have been rewarded, and the industry is to-day in the vanguard of the export-led movement towards national recovery.

Stimulated by export demand, the consumption of plastics is projected to reach 2.28m.-2.63m. tonnes by 1978. Such an increase in demand would call for greater investment in plastics processing in terms of fixed assets and working capital. But would the processors, unaided, be able to match the investment and growth rate of their customers in the assisted "winner" sectors? And would the battle for export orders be lost by some for the want of a nail?

The processing sector's capital base is to-day estimated at £830m., covering fixed assets and working capital. Assuming a constant turnover to capital ratio, the sector's capital base might need to rise to £900m. or £1bn. by 1978-80.

On this basis, the average annual capital requirement for increased capacity would be between £35m. and £85m. To finance such a level of new investment, it is argued, companies would have to secure a gross return on capital of more than 25 to 30 per cent. to cover the opportunity cost of finance and taxation. The BPF's estimates, based on 1975 values, indicate that the capital base would have to be increased by £120m. to £235m. by 1978 or to £237m. to £271m. by 1980.

Projected growth in the processing sector, as in the rest of the plastics industry, is dependent upon a number of factors that lie within the purview of convertors, customers, and Government.

Much, it is argued, will depend upon:

- The view taken by customers of the competitive situation of plastics products in relation to the price, properties, and availability of alternative materials.
- The assurances which the plastics industry can provide about the future supply of plastics.
- The U.K.'s competitiveness in terms of trade, together with the exchange rate of the pound.
- The need for action to control spiralling wage costs and to reduce positively and vigorously the U.K.'s consumption of oil.
- The availability of feedstock.
- The extent to which measures are taken to promote the production of plastics as a high added-value derivative of North Sea oil.
- The rate of inflation and the effects on company liquidity and innovation by customer industries.
- Control of dumping and cheap imports.
- The level of U.K. economic activity, particularly the level of manufacturing investment.

All these factors are being constantly monitored and evaluated as part of the working programme of the revitalised BPF. It is hoped, too, that new light and pressures can be brought to bear on some of the factors and problems by the reconstituted Plastics Steering Committee, sponsored by the NEDC.

Processors are now growing accustomed to taking a bird's eye view of the industry and its problems, thus creating a corporate spirit of trust and understanding. Companies in all five interdependent sectors appear to have come to terms with the harsh realities of the economic climate and with each other, especially over the irritating, often questionable, price rises for raw materials.

Further investment at any cost, it seems, is regarded as a vital key to recovery, and there appears to be general agreement that this should begin at the start of the production chain, even though the moulder may find himself squeezed once again between the demands of materials suppliers and his own customers.

## Strategic

It may be for this reason, among others, that processors are to-day as much concerned as anyone about the strategic use of oil from the North Sea. The great advantage for plastics is that it represents such an extremely high range of added-value applications, and this has yet to be overtly recognised by the Government.

Meanwhile, the industry continues to extend its frontiers with the steady introduction of modified materials and applications. A new multi-billion pound market is forecast, for instance, for a new copolymer of epoxy and urethane developed by a U.K. company. The material is expected to "nudge" polyurethanes, epoxies and silicones out of some of the more specialised applications. As the price is already competitive, minimum specification uses, such as caps, are also likely to be important areas of use.

Versatility and determination are prime qualities in the plastics industry, and given a fair crack at home-produced oil and its vast range of material derivatives the processors alone could play an important, if not unrivalled, role in the added-value maximisation of this country's newest, if not greatest, natural asset.

**Don Penny**
*Plastics and Rubber Weekly*

**PLASTICS CONSUMPTION**

| | 000 tonnes | % of total consumption |
|---|---|---|
| Packaging and related markets | 600 | 31 |
| Building | 350 | 18 |
| Electrical and electronic products | 150 | 7.5 |
| Furniture | 120 | 6.1 |
| Housewares | 100 | 5.1 |
| Automotive products | 65 | 3.3 |
| Toys and fancy goods | 60 | 3.1 |
| Other forms of transport | 50 | 2.6 |
| Agriculture | 50 | 2.6 |
| Total allocated to specific markets | 1,545 | |
| Remainder not allocated to specific markets | 413 | 21 |
| TOTAL | 1,958 | 100 |

**PROJECTIONS OF U.K. PROCESSING SECTOR'S CAPITAL BASE**

| | 1974 | 1978 | 1980 |
|---|---|---|---|
| Consumption of materials (000 tonnes) | 1,958 | 2,280-2,630 | 2,565-2,655 |
| Value of output (£m., 1974 prices) | 1,500 | 1,746-2,015 | 1,965-2,033 |
| Capital base (£m., 1974 prices) | 738 | 855-988 | 972-1,006 |





# Developing fresh markets

DESPITE THE hindering effects of the economic downturn, the use of plastics for an increasing number of functions, often in conjuction with other materials, has continued to provide new markets for manufacturers.

But the crucial element in this advance remains business confidence upon which the success or failure of development expenditure programmes depend. An industry which, unlike others, is constantly looking at new applications must consequently bear higher risks.

On the other hand the potential rewards for successfully finding a new application, developing the product and marketing it, can be extremely rewarding. In a rapidly changing world these opportunities arise frequently, but often require swift action if they are to be exploited.

At present the U.K. plastics industry supplies around 80 per cent. of its output to other industries for their own uses, and the remaining 20 per cent. goes directly to the public. Around 20 per cent. of total output is exported indirectly, in products ranging from cars to toys.

The U.K. motor industry, despite its recent troubles, has been an important growth area for the plastics industry and is likely to remain so. The average use of ABS type plastic in European manufactured motor vehicles is expected to be 4.1 kilogramme per car this year compared to 3.8 kg last year and 3.45 kg in 1974. Here it is likely that any growth in demand for more functional, less expensive cars will increase this trend.

## Output

Another of the very promising areas of plastic application is in the building industry, which was the subject of a National Economic Development Office report which suggested that there were growing opportunities for replacing cast iron, copper, asbestos, cement and earthenware pipes and plumbing. This sector already accounts for about a quarter of plastics output going to the construction industry.

The report also predicted that plastics will increasingly replace some timber products, mouldings, door frames and fences. Floor finishes and covering, roofing and water-proofing are other examples.

Although the question of the suitability of plastic for construction has been raised continuously for many years, its role has been universally accepted in so many different areas that the old argument about "cheapness" is rapidly losing its validity.

The latest annual report of the Building Research Establishment points out that plastics, either alone or as thick coatings, show an increasing use and potential for both windows and cladding. Rigid PVC also appears satisfactory for windows but the BRE warns that the high initial cost of strong hollow sections may not be offset by reduced maintenance. PVC as an external skin over softwood has not been included in tests, but is likely to have similar maintenance characteristics at lower first cost.

Glass reinforced polyester is one of the plastics materials most widely used in the building industry, and can be moulded into shapes, textures and colours, with none of the size limitations of most plastics. But a number of questions about its long-term suitability remain and the BRE is now conducting research into its performance in panels. These

CONTINUED ON NEXT PAGE

# Packaging growth is likely to slow down

PACKAGING is the biggest single customer of the plastics industry. Some 31 per cent. of the total output of plastics materials—estimated at nearly 2m. tonnes in 1974—goes to producing the bottles, containers, and wrappings in which goods are presented.

There can be no argument about the dramatic impact which plastics have had upon the whole concept of packaging over the past two decades, but the detailed statistics available tend to be sketchy and often contradictory.

This problem was highlighted in an important report published recently by the National Economic Development Office on behalf of the Plastics Steering Committee. *The publication is part of a* programme in which trade associations, unions, and the Department of Industry are co-operating to raise the performance of the industry.

## Research

Inbucon/AIC Management Consultants, who conducted the research *for* the project, drew attention to the difficulty of reconciling different sets of statistics: "It is clear that demand forecasting at the level of individual companies, as well as industry level, can have been based up to the present on only the sketchiest of statistical data."

According to the report the plastics packaging industry is *fragmented, with more than* 400 manufacturers producing a total estimated turnover last *year of around* £300m. The importance to the industry of a sector of that size cannot be underestimated. However, the fact that the labour force was trimmed by some 5,000 to a level of 28,000 last year indicates the problems which recession has brought.

*Quality checks being carried out at Johnsen and Jorgensen (Plastics), manufacturers of injection-moulded packaging products.*

In Britain's changed economic circumstances it would have been difficult to maintain the pace of growth achieved in earlier years. The report suggests that the annual growth rate of the industry up to 1980 will be between 4.7 and 8.6 per cent., compared with the 14 per cent. a year increase in the period between 1970 to 1974. These projections would mean a consumption level of between 784,000 and 871,000 tonnes by 1980.

From a share of around 4 per cent. of the packaging market in *the early 1960s, plastics have* made substantial inroads and have boosted their proportion to *about 17 per cent. The major* advances were made in the period between 1968 and 1972 when packing was becoming more sophisticated and new materials and products were being developed.

Demand built up during 1973 *to reach a peak in early 1974* but from this point orders began to decline rapidly as the national *economy began to move towards* recession. So rapid was the downturn that stocks were dissipated and by the middle of last year many firms were working at between 60 and 90 per cent. of capacity.

The danger which now confronts the industry in recovering from such a deep recession is that demand may pick up too quickly. Following a virtual standstill in investment over the past two years and with stocks at *low levels, a sudden upsurge* in demand could cause supply bottlenecks.

This is a situation which the industry is anxious to avoid and efforts are being made to develop closer relationships with suppliers' production programmes so that the transition can be as smooth as possible.

Apart from the problems posed by the trade cycle, the plastics industry is also coming to terms with the implications of the energy crisis. The NEDO report points out that there is "growing pressure to rethink *packaging practices, which grew* up in an era of cheap energy and an abundance of raw *materials." Attention is now* being focused increasingly upon the economic re-use of containers and the reclamation of materials.

There is confidence within the industry that plastics will remain competitive with the more traditional materials, even if energy prices rise further. But the NEDO report, in a critical note, suggests that not enough effort and finance is being invested in research and development. "There is a reluctance to innovate," the report maintains.

Indeed it reaches the conclusion that continued substitution of traditional materials, rather than the creation of new markets through innovation, may be the bigger factor in market growth by 1980. Inquiries for the study indicated that spending on basic research by the processors was minimal. Applied research received a low ranking and was confined to the larger companies.

The bulk of development costs for the larger processors was predominantly in the range of 1.5 to 2.5 per cent. of turnover. Many of the smaller companies spent little on anything other than tool development, while some firms with a turnover of between £1m. and £3m. relied mainly upon the use of licences and contacts rather than development.

The report also identifies technological innovation as "a further area of real concern." Questions are raised about the technical, *industrial* and commercial processes which lead to the marketing of new *manufactured products.*

"It is likely that the major development of new polymers, and to some extent the related processes, will continue to be the preserve of the larger companies." The Government ought to facilitate such development by ensuring freedom from restraints which might prevent an adequate return upon investment.

Indeed an inadequate return upon capital employed and poor cash flow are identified as important potential restraints upon investment and therefore the growth of the industry.

Profits in the industry had been depressed to a level at *which investment was not* feasible. "Clearly some investment has taken place on the *invalid grounds that there must* be profits in a growing industry."

While *individual firms had* identified viable market sectors and made profits of up to 45 per cent. *of turnover, the industry* in general would not even be able to fund, out of retained earnings, the *replacement of* existing plant.

In 1974 the industry produced a £300m. *turnover on* capital of around £120m., but between £155m. and £227m. would be needed to meet the projected demand by 1980. The NEDO study calculates that, even assuming a modest dividend policy, expansion could only be financed internally if profit before tax *increased* by two to three times the 1974 levels.

The structure of the *industry* is an important factor in determining both the level of invest*ment and the pace of develop*ment. Some 15 companies supply half the market's *requirements with another 400* manufacturers meeting the remaining demand.

*The fragmented nature of the* industry means that the small entrepreneurial firms tend to exploit predominantly *local* markets, while the major companies undertake volume production and set the pace. Most of the bigger firms are part of large groups engaged *in other sectors of the packag*ing or paper industries and may have entered the sector merely to safeguard market shares in the face of potential competition from plastics.

The flexibility of production plant makes diversification into alternative plastics markets feasible and indeed common. Very few of the companies surveyed by the NEDO study were solely in packaging.

## Alternative

In discussing the markets opening up to plastics, the study emphasises the technological and aesthetic advantages over alternative materials.

Some markets, such as the one for crates, had become saturated, but in *others,* like drums, continued substitution occurred once the relative price *became favourable. Develop*ments already completed—safety seal closures, for example —*or still under way*—impervious bottles for carbonised drinks—would present new market opportunities.

Market uncertainty is obviously a major deterrent to new investment and innovation, and the British Plastics Federation is making efforts to improve communication and co-operation between suppliers and their customer industries.

Regular six-month business trends surveys are conducted, and projections made of future demand for plastics and of the processing industry's investment *requirements. More detailed* surveys and studies are also undertaken.

*Mr. Chris Bromley, the deputy* director of the Federation, points out that a regular series *of meetings has been* instituted between the plastics packaging industry and its principal customers.

"Such meetings not only bring closer understanding but *they are a good starting point* for raising efficiency and improving the contribution that plastics can make to the packaging industry," he says.

**Arthur Smith**

# Markets

CONTINUED FROM PREVIOUS PAGE

include dimensional stability, choice of material to ensure maximum durability and long-term strength properties.

Significantly, the report says that it may be eventually possible to reduce the factors of safety that are commonly used for designing this material. Exposure trials so far on GRP specimens have shown that there is little loss of strength under the combined effects of weather and stress levels.

In the field of engineering, considerable advances have been made recently, perhaps one of the most notable being the use of plastic for motor vehicle radiators. In France SOFICA, using a glass-fibre reinforced grade of ICI nylon, claims to have made a breakthrough in this field.

The radiators are novel in that they are completely solderless, the various elements being held together positively by mechanical means and there has been a further advance with the introduction of water tanks at the top and bottom moulded entirely from a plastics material.

*Not only are the nylon tanks* lighter in weight than comparable metal ones, but it is *now possible to achieve complex* shapes and to incorporate special water circuits by taking *advantage of the flexibility* offered by the injection moulding process. One of the more obvious plus points here is the lack of corrosion.

The advance of plastics for the manufacture of bearings has also received a considerable boost from the use of "self lubricating" oil filled thermoplastic material. Railko has specialised in this development and has produced bearings with many advantages, including a reduction in weight and wear.

Although plastic containers are hardly new, the wider use of specialist containers has continued apace, particularly for the transportation of industrial goods in various forms such as pastes, powders, granules and liquids, including dangerous chemicals.

## Debate

*In the field of paper manufacture,* where the debate has rumbled on for many years about the relative advantages of paper or plastic in different applications, there are intrigu*ing signs of compromise where* the best of both worlds may be at hand.

Experiments have been carried out using plastic filler in paper manufacture to reduce the raw material requirements. Saran microspheres, an expandable thermoplastic filler, are *claimed to produce paper with* a higher bulk without increasing its weight. Conversely, a lighter paper is obtained if the bulk is not increased. The producers, *Dow Chemical*, expect the reduced material costs and the improved paper qualities to be of special interest to mills producing uncoated papers and light bleached boards for printing and packaging.

But this is merely one of the many successful and unsuccessful attempts to use plastics in an integrated papermaking process and it is certain that with the increasing need for more and more specialised papers, the papermaking industry will provide a large market for plastic rather than be a competitor.

Perhaps the most interesting recent development for the future use of plastics is the establishment of a £150,000 experimental factory where facilities can be hired by the industrial entrepreneur to explore a new product or manufacturing process.

The factory, near Shrewsbury, *has been commissioned* by the Rubber and Plastics Research Association with the help of a £100,000 grant from the Department of Industry. The aim is to try to take a new venture all the way from the drawing board into production in order to demonstrate its *commercial* attractions.

**Lorne Barling**

## STOCK EXCHANGE REPORT

# Activity still low, but equity leaders edge higher

## Share index up 3.4 at 381.5—Gilts quietly firm

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jun. 1 | Jun. 10 | Jun. 11 | Jun. 22 |
| Jun. 14 | Jun. 24 | Jun. 25 | July 6 |
| Jun. 28 | July 8 | July 9 | July 20 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets quickly shook off Monday's late dullness which followed the poor set of trade figures for May. Leading equities edged higher and British Funds made useful progress, sentiment being helped by the steady performance of sterling. The equity sector was given an additional fillip by the good overnight performance on Wall Street and by reports, which began to filter through quite early in the trading session, that the shares not taken up in the ICI "rights" issue had been successfully placed through the market.

Gilt-edged securities traded quietly, but finished the day with gains ranging to ½ which left the Government Securities index 0.19 higher at 62.42. The equity leaders fared little better in the way of activity. However, scattered demand and the absence of selling left prices a few pence higher by the close of business. This was reflected in a rise of 3.4 to 381.5 in the FT 30-share index. Business was possibly restrained ahead of to-day's vote by the TUC on the Government's wages policy; official markings were 4,610.

There was little in the way of company trading statements to enliven interest, and changes were few and far between among secondary issues. Nevertheless, rises led falls by 7-4 in FT-quoted Industrials. The FT-Actuaries All-Share Index closed marginally harder at 157.89.

### Gilts recover

Having discounted at the outset the effects of the U.K.'s widened trade gap last month, British Funds recovered on yield considerations. These are particularly attractive at the longer end of the market and would become even more so if interest rates were to ease back, which is the current hope. Issues of a medium life maturity were to the fore and, in thin trading conditions, rose ½, while the longs were often a ¼ higher and the shorts ⅛ better. The last-named were initially favoured by a small renewed demand for the "tap," Treasury 9½ per cent., 1981, which rallied ⅛ to 92⅜.

The call for a change in Rhodesia's race laws proved beneficial to Southern Rhodesian bonds, up 2 points in places; the 6 per cent., 1978-81, issue rose that much to £46.

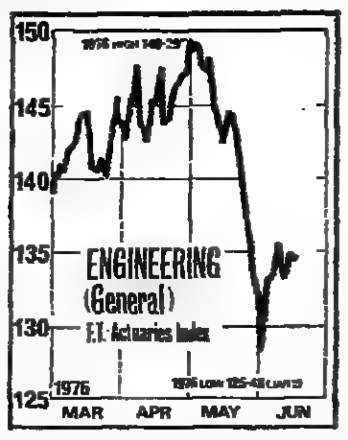
A routine business brought minor fluctuations in the investment currency premium between 117½ and 120½ per cent. before a close of 118½ per cent., a rise of ¾ on the day. Yesterday's SE conversion factor was 0.6704 (0.6752).

### Banks quietly firm

After Monday's reaction on the trade figures, the big four Banks took a modestly firmer line yesterday but the volume of business left much to be desired. Lloyds and National Westminster both ended 3 dearer at the common level of 218p. Overseas issues had contrasting features in Australia and New Zealand, which gave up 7 to 480p, and Standard Chartered, which improved 5 to 397p. Little happened elsewhere. Arbuthnot Latham, 150p, held steady ahead of to-morrow's results.

Insurance Composites edged forward during the course of a small turnover to close with improvements to 6. That much dearer were Phoenix, 200p, and "Royals," 280p, while Sun Alliance put on 5 to 385p and Eagle Star 4 to 117p. Pearl were also 4 better at 200p in Life issues.

More interest was shown in Breweries, which closed firmer for choice. Buying in front of to-day's interim results helped Arthur Guinness feature with a gain of 3 to 130p. Whitbread "A" put on 2½ to 68p and Allied improved 1½ to 65p, after 65½p; the latter's half-year figures are due June 22. Bass Charrington were erratic, closing unaltered at 97p after moving between extremes of 99p and 96p. Elsewhere, Distillers found support at 147p, up 3, but adverse Press comment held back H. P. Bulmer, which touched 91p before finishing unchanged on the day at 92p.




Buildings displayed no set trend after a thin trade. Still reflecting the recent disappointing results, UBM shed 3 to 30p, while AP Cement were friendless at 153p, down 2. Burnett and Hallamshire, on the other hand, scored a gain of 3 to 66p and Marchwiel improved 2 to 95p.

ICI held steady at 364p in Chemicals: most of the shares not taken up in the recent "rights" issue were successfully placed through the market yesterday. Elsewhere, Brent, at 105p, gave up 2 of the previous day's speculative rise of 11. Albright and Wilson were similarly lower at 79p.

Cinemas were firmer in places. Grampian "A" improved 2 to 23p and Howard and Wyndham continued firm at 15p, up ½.

### Reyrolle bought

Reyrolle Parsons moved into prominence in a generally quiet Electrical sector yesterday by advancing 6 to 122p on investment buying. Also attracting support were GEC, which finished 4 firmer at 154p. Elsewhere among the leaders, EMI, 242p, and Thorn Electrical, 230p, hardened 2 apiece, although Plessey, with preliminary results expected next Tuesday, were unmoved at 71p. Dimplex put on a penny to 81½p in anticipation of next Monday's annual figures, while Rediffusion, with results due Friday week, added 2 at 77p, and Chloride, in front of to-morrow's preliminary announcement, ended a shade firmer at 98p. James Scott put on a penny more to 17p; the price in yesterday's issue was incorrect. Racal Electronics were in easier vein at 227p, down 3; the results are expected a week to-morrow. Newman Industries, 42p, relinquished Monday's improvement of 3 which followed the chairman's encouraging statement with the full report.

There was again little activity in the Store leaders, and initial minor gains were later trimmed. Marks and Spencer, 93p, and UDS Group, 77p, ended with gains of 2 apiece, while Burton "A," 42p, after 44p, and House of Fraser, 83p, after 84p, showed net improvements of only a penny. Elsewhere, Hardy and Co. (Furnishers), 37p, and "A," 36p scored gains of 3 apiece, while Mothercare firmed 4 to 192p, Austin Reed "A" 2 to 37p, and Helene of London a penny to 9p, but Knott Mill, still showing displeasure with the preliminary results, lost another 1½ to 17p. The slump in profits and final dividend omission left J. W. Wassall a penny cheaper at 7p.

Hawker edged forward 4 to 452p, but remaining Engineering leaders were a shade easier. Otherwise, WGI gained 2 to 79p on the good results, "rights" issue and higher dividend forecast while L. Gardner rose 5 more to 120p; the recent buying of the latter has given rise to rumours that a stake is being built-up prior to a full-scale bid. Awaiting to-day's first-half figures, Weyburn improved 3 further to 303p. Elsewhere, W. Cook (Sheffield) lost 2 to 18p.

Impressive results and the proposed scrip issue were sufficient to push Alpine Soft Drinks up 7 to 135p, after 138p, while investment demand took Linfood 3 higher to 190p. Manbre and Garton, at 137p, made no reply to comment of useful interim profits being announced to-morrow and Associated British Foods, at 62p, lost 1 of Monday's rise of 3 which followed the excellent results; yield considerations were held a deterrent in the latter. Elsewhere in Foods, William Low rose 4 to 74p and B. Matthews 3 to 100p, while Harry Vincent were raised 5 to 80p. J. Lyons slipped 3 to 93p ahead of the preliminary statement, due to-morrow week.

Hotels made modest improvement, Grand Metropolitan gaining 2 to 66p and Trust Houses Forte 1 to 83p. CCH Investments rose 3 to 33p.

### Thermal Syndicate up

Miscellaneous Industrial leaders, after Monday's late reaction on the trade figures, recovered their poise and improved modestly in further slack trading. Glaxo added 7 at 400p, Rank Organisation 5 at 173p, and Beecham 4 at 380p, while Boots closed 3 firmer at 125p. Elsewhere, Thermal Syndicate recorded a speculative rise of 4 at 90½p awaiting the company's detailed defence statement against the rejected 85p cash bid from International Combustion. Speculative interest lifted Myson Group 3½ to 84½p, while Press comment on the preliminary results left Ariel Industries 3 higher at 23p. English China Clays, 83p, recovered 2 of Monday's loss of 5 which followed adverse Press comment; the interim results are due tomorrow. Other firm spots included gains of about 3 in Lawtex, 19p, Lindsay and Williams, 16½p, and BBA Group, 44p, but Lep Group, 115p, gave up 5 of the previous day's improvement of 10 which followed the profits estimate. U.K. Optical came back 3 to 118p despite the increased profits. South African issues were in firm fettle, Barlow Rand rising 8 to 203p and Ovenstone Investments 4 to 52p.

Dunlop hardened a penny or so in the early trading on further consideration of the chairman's statement at the annual meeting. However, the shares were looking a little easier again towards the close at 80p, up a penny on balance. Lucas Industries improved 4 to 207p, while interim profits a shade higher aided Bluemel, 2 up at 42p. British Leyland hardened 2 to 32p, but Rolls-Royce declined 1½ to 58½p. Robt. Stockfis came on offer and in a thin market lost 5 to 105p. Garages were narrowly mixed.

Associated Paper Industries, at 27p steadied after the previous day's fall of 3 on news of the first-half deficit and halved dividend payment while DRG opened lower at 104p before closing a net 2 cheaper at 105p. In Publishers Routledge and Kegan Paul put on 2 to 37p.

### SCOT improve

British Petroleum were still restrained by the uncertainty over the extent of the problems facing the Alaska pipeline project, but managed to harden 2 late to 612p. Shell, too, traded on a much smaller scale and after rising to 448p closed a net 2 better at 446p. Secondary issues established like gains with Oil Exploration improving 2 more to 67p on renewed small speculative interest. Press comment was largely responsible at for an upturn in SCOT, 7 higher at 210p, and LASMO, which put on 4 to 207p. Elsewhere, Siebens (U.K.) found a little support at 170p, up 5, but Woodside-Burmah eased 2 to 83p.

Property leaders managed to close on a mildly firmer note. Land Securities finished a penny better at 154p awaiting to-day's preliminary results. MEPC were similarly harder at 85p, while British Land added 1½ at 28p. Secondary issues barely stirred from overnight levels. Evans of Leeds, with results due next Tuesday, closed fractionally firmer at 61p. Great Portland Estates put on 2 to 216p, while Peachey Property gained a penny more at 32p.

Overseas Traders displayed a hardening tendency. Lonrho improved 3 to 85p, sentiment being helped by the denial from Mr. Rowland, the chief executive, that the DTI report on the company contains any bribery suggestions. Speculative interest left Ocean Wilsons 4 higher at 132p xd; the price in yesterday's issue was incorrect. Harrisons and Crosfield improved 12 to 975p xd, while Gill and Duffus followed the previous day's advance of 12 with a fresh gain of 2 at 182p.

White Drummond were a weak feature in Trusts and Financials, falling 6 to a 1976 low of 99p on persistent small selling. Lamont shed 2 to 15p as did Lampa Securities, 94p and New Bridge, 22½p, but news of the Board's capital proposals left Williams Hudson unmoved at 15p. Ahead of to-morrow's results Caledonia Investments shed a penny to 149p. International Pacific Securities were 5 better at 145p on Far-eastern advices.

Shippings had very little to commend them. P and O Deferred edged forward a penny to 105p as did British and Commonwealth to 183p; the latter's preliminary results are expected to-morrow.

Monday's irregular pattern was repeated yesterday in Textiles. Sidlaw Industries improved 2 more to 72p ahead of to-morrow's interim results, while news of the trebled profits helped Shaw and Marvin edge forward a penny to 8p. Tomkinsons, on the other hand, receded 3 to 53p on the first-half profits setback and S. Jerome shed 5 to 40p on lack of support. Dawson International, 49p, and the "A" shares at 48p, both lost a penny of the previous day's Press-inspired gains. The Tobacco majors closed quietly firm, with Imps 1½ better at 75p and Bats 2 harder at 375p.

South African Industrials were a firm sector. Tiger Oats gained 10 to 360p awaiting the interim results.

### Golds edge higher

South African Gold shares recouped most of Monday's losses although the rises owed more to the higher investment dollar premium and arbitrage rate rather than large buying orders. Modest local demand was enough to cause jobbers to raise prices owing to a shortage of stock and the Gold Mines index put on [illegible] to 191.0. Bullion was [illegible] unchanged at $125.875 per ounce.

In the heavyweights, [illegible] ranged to ¾ in Randfontein, [illegible] and West Driefontein [illegible] while President Brand gained [illegible] to £14¾. Among the lower-priced issues, Libanon were up 25 [illegible] 510p and Kloof advanced 20 [illegible] 570p.

Financials also responded [illegible] favourable technical considerations, but business was [illegible] minimal, "Amgold" were a [illegible] higher at £24, despite the [illegible] half-year profits announced [illegible] hours on Monday. "Anglo" again reflected Cape interest [illegible] shares improving 15 to a [illegible] high of 335p. In Diamonds, [illegible] Beers closed 6 higher at [illegible] Ahead of to-day's full-year [illegible] Selection Trust were unchanged at 490p.

Coppers gained ground following the further rise in the metal price. Minorco put on 6 to [illegible] and Palabora rose 10 to [illegible]. Platinums tended to drift in [illegible] trading while in a mixed [illegible] sector, falls of 3 were registered by Malayan Tin (210p) [illegible] Petaling (117p).

Australians lacked a decided trend in line with overnight [illegible] markets. Poseidon rose [illegible] 5 to a 1976 high of 265p. [illegible] where, Consolidated Murchison advanced 25 to 925p owing [illegible] Cape buying.

## FINANCIAL TIMES STOCK INDICES

| | June 15 | June 14 | June 11 | June 10 | June 9 | June 8 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 62.42 | 62.23 | 62.53 | 62.31 | 62.32 | 62.30 | 58.1 |
| Fixed Interest | 61.96 | 61.78 | 61.81 | 61.77 | 61.69 | 61.59 | 57.5 |
| Industrial Ordinary | 381.5 | 378.1 | 378.7 | 374.2 | 379.2 | 384.4 | 335 |
| Gold Mines | 191.0 | 187.5 | 191.3 | 197.0 | 185.8 | 182.7 | 369 |
| Ord. Div. Yield | 5.62 | 5.65 | 5.64 | 5.72 | 5.65 | 5.59 | 6.0 |
| Earnings Y'ld % (full)(a) | 15.95 | 16.07 | 16.04 | 16.25 | 16.07 | 15.89 | 17.7 |
| P/E Ratio (net) (a) (b) | 9.29 | 9.22 | 9.24 | 9.12 | 9.22 | 9.32 | 8.0 |
| Dealings marked | 4,610 | 4,585 | 4,035 | 4,385 | 4,229 | 5,335 | 5,8[illegible] |
| Equity turnover £m. | — | 38.89 | 48.96 | 44.24 | 41.38 | 56.54 | 48.[illegible] |
| Equity bargains total | — | 9,890 | 11,678 | 10,940 | 10,317 | 14,278 | 14,2[illegible] |

10 a.m. 381.8. 11 a.m. 381.3. Noon 381.9. 1 p.m. 381.8. 2 p.m. 381.1. 3 p.m. 381.1.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=9.21.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 65.21 (30/1/76) | 60.19 (2/1/76) | 127.4 (9/1/36) | 49.18 (3/1/75) |
| Fixed Int. | 64.45 (2/2/76) | 59.75 (2/1/76) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 420.8 (4/5/76) | 364.7 (2/6/76) | 543.6 (19/5/72) | 49.4 (26/6/40) |
| Gold Mines | 346.9 (2/1/76) | 140.1 (6/4/76) | 442.3 (22/5/75) | 43.5 (28/10/71) |

### S.E. ACTIVITY

| | June 15 | June 14 |
|---|---|---|
| Daily— | | |
| Gilt-Edged | 154.4 | 157.[illegible] |
| Industrials | 148.9 | 147.[illegible] |
| Speculative | 50.3 | 48.[illegible] |
| Totals | 104.9 | 104.[illegible] |
| 5-day Av'r'ge. | | |
| Gilt-Edged | 153.7 | 157.[illegible] |
| Industrials | 154.3 | 165.[illegible] |
| Speculative | 44.7 | 4[illegible] |
| Totals | 105.3 | 109.[illegible] |

## F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

| | Equity groups | Tue. June 15 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) (Corp. Tax 52%) | Est. P/E Ratio (nil) (Corp. Tax 52%) | Mon. June 14 Index No. | Fri. June 11 Index No. | Thurs. June 10 Index No. | Wed. June 9 Index No. | Year ago (approx.) Index No. | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (179) | 143.65 | −0.2 | 16.07 | 6.21 | 9.37 | 9.27 | 143.95 | 142.81 | 142.07 | 143.47 | 120.73 | 160.06 (21/4) | 137.18 (2/6) | 206.37 (4/5/72) | 50.71 (13/12/74) |
| 2 | Building Materials (30) | 127.94 | −0.7 | 15.20 | 7.21 | 9.98 | 9.97 | 128.78 | 127.65 | 126.32 | 128.70 | 102.72 | 150.18 (15/1) | 123.78 (2/4) | 253.84 (2/5/72) | 44.27 (11/12/74) |
| 3 | Contracting, Construction (23) | 197.12 | −0.8 | 18.78 | 5.52 | 8.36 | 8.56 | 198.15 | 195.88 | 196.04 | 198.28 | 227.23 | 260.20 (15/1) | 195.00 (2/6) | 389.33 (19/5/72) | 71.48 (2/12/74) |
| 4 | Electricals (16) | 259.94 | +0.4 | 15.85 | 4.78 | 9.34 | 9.07 | 258.82 | 256.70 | 255.69 | 257.97 | 218.35 | 287.30 (21/4) | 245.72 (2/6) | 350.04 (4/5/72) | 85.71 (25/6/62) |
| 5 | Engineering (Heavy) (13) | 175.51 | +0.4 | 22.65 | 6.90 | 5.88 | 6.88 | 174.77 | 172.80 | 171.99 | 175.19 | 144.57 | 193.18 (3/6) | 161.88 (2/6) | 202.57 (28/4/75) | 94.43 (1/2/75) |
| 6 | Engineering (General) (63) | 134.42 | −0.4 | 15.83 | 6.57 | 9.57 | 9.36 | 134.95 | 133.95 | 133.25 | 134.12 | 106.65 | 149.29 (5/6) | 125.48 (2/1) | 168.59 (4/5/72) | 45.14 (6/1/75) |
| 7 | Machine and Other Tools (9) | 54.92 | −0.3 | 15.78 | 7.29 | 12.97 | 12.95 | 55.08 | 54.28 | 54.05 | 54.17 | 42.15 | 60.62 (2/5) | 51.19 (5/1) | 136.70 (4/7/66) | 19.96 (13/12/74) |
| 8 | Miscellaneous (25) | 128.93 | −0.4 | 14.59 | 6.61 | 10.48 | 10.14 | 129.42 | 129.22 | 128.98 | 129.64 | 110.47 | 141.94 (11/5) | 121.53 (2/1) | 177.41 (27/4/72) | 49.65 (6/1/75) |
| 9 | CONSUMER GOODS (DURABLE) (53) | 125.14 | −0.2 | 16.66 | 5.58 | 8.97 | 8.94 | 125.41 | 124.27 | 124.08 | 125.66 | 96.27 | 141.46 (21/4) | 116.86 (5/6) | 227.78 (21/4/72) | 38.39 (6/1/75) |
| 10 | Lt. Electronics, Radio TV (15) | 158.34 | −0.4 | 14.56 | 4.01 | 10.10 | 10.08 | 158.94 | 157.72 | 157.52 | 159.54 | 98.74 | 160.35 (7/4) | 128.75 (2/5) | 257.41 (19/5/72) | 42.85 (12/12/74) |
| 11 | Household Goods (13) | 165.64 | −0.5 | 18.55 | 7.02 | 8.21 | 8.19 | 166.40 | 166.26 | 166.99 | 168.74 | 132.23 | 187.22 (7/4) | 162.00 (2/6) | 263.22 (4/5/72) | 63.92 (17/12/74) |
| 12 | Motors and Distributors (25) | 77.39 | +0.1 | 19.18 | 6.88 | 7.89 | 7.86 | 77.32 | 76.26 | 75.97 | 77.11 | 47.27 | 85.16 (8/6) | 70.05 (6/1) | 170.39 (15/11/68) | 19.91 (6/1/75) |
| 13 | CONSUMER GOODS (NON-DURABLE) (168) | 146.91 | −0.1 | 14.37 | 6.19 | 10.56 | 10.47 | 147.04 | 145.34 | 144.40 | 145.86 | 136.38 | 162.24 (4/2) | 138.95 (2/6) | 226.08 (16/2/73) | 61.41 (13/12/74) |
| 14 | Breweries (15) | 158.05 | +0.3 | 14.71 | 7.05 | 10.21 | 10.21 | 157.65 | 156.35 | 154.56 | 155.79 | 151.09 | 179.45 (2/2) | 147.99 (2/6) | 281.87 (24/11/72) | 69.47 (13/12/74) |
| 15 | Wines and Spirits (7) | 178.70 | +0.6 | 10.66 | 5.66 | 14.54 | 14.54 | 177.61 | 175.97 | 173.79 | 174.58 | 162.91 | 190.67 (3/5) | 169.90 (2/6) | 257.40 (13/1/72) | 78.71 (13/12/74) |
| 16 | Entertainment, Catering (14) | 173.53 | −0.5 | 14.00 | 7.60 | 11.02 | 10.92 | 172.63 | 170.54 | 169.57 | 171.40 | 148.67 | 211.26 (4/5) | 156.17 (2/6) | 329.99 (13/12/72) | 54.87 (13/12/74) |
| 17 | Food Manufacturing (22) | 166.06 | −0.4 | 15.25 | 5.26 | 10.02 | 9.96 | 166.75 | 165.34 | 163.27 | 165.27 | 146.85 | 179.44 (11/5) | 157.25 (2/6) | 211.65 (1/5/72) | 59.78 (11/12/74) |
| 18 | Food Retailing (16) | 135.06 | −0.1 | [illegible] | 5.41 | 11.53 | 11.53 | 135.16 | 133.50 | 132.62 | 134.04 | 137.59 | [illegible] | [illegible] | [illegible] | 54.25 (11/12/74) |
| 19 | Newspapers, Publishing (16) | 166.76 | −0.1 | 12.50 | 6.81 | 12.29 | 12.29 | 166.91 | 165.48 | 164.90 | 166.20 | [illegible] | [illegible] | [illegible] | [illegible] | 56.08 (6/1/75) |
| 20 | Packaging and Paper (12) | 100.12 | −1.1 | 16.59 | 7.58 | 9.26 | 9.26 | 101.26 | 100.51 | 99.71 | 100.92 | 97.04 | [illegible] | [illegible] | [illegible] | 45.46 (6/1/75) |
| 21 | Stores (34) | 116.76 | −0.1 | 13.56 | 3.81 | 11.79 | 11.77 | 116.89 | 116.02 | 116.84 | 118.20 | 119.86 | [illegible] | [illegible] | [illegible] | 52.63 (6/1/75) |
| 22 | Textiles (23) | 149.12 | −0.9 | 9.95 | 7.66 | 14.61 | 12.79 | 150.45 | 148.57 | 148.32 | 151.71 | 157.66 | [illegible] | [illegible] | [illegible] | 62.66 (11/12/74) |
| 23 | Tobaccos (3) | 223.76 | −0.2 | 19.49 | 6.53 | 7.83 | 7.83 | 224.27 | 220.74 | 219.61 | 219.90 | 189.33 | [illegible] | [illegible] | [illegible] | 94.34 (13/6/62) |
| 24 | Toys and Games (6) | 72.10 | −0.2 | 20.50 | 7.55 | 6.86 | 6.86 | 71.95 | 71.59 | 71.39 | 72.00 | 41.68 | [illegible] | [illegible] | [illegible] | 20.92 (6/1/75) |
| | OTHER GROUPS (96) | | | | | | | | | | | | | | | |
| 25 | Chemicals (26) | 218.66 | −0.2 | 11.54 | 5.21 | 12.09 | 12.07 | 216.34 | 214.50 | 212.56 | 218.11 | 177.05 | [illegible] | [illegible] | [illegible] | 71.20 |
| 26 | Office Equipment (9) | 95.56 | +1.2 | 12.48 | 5.45 | 11.64 | 11.64 | 94.25 | 93.70 | 92.95 | 94.52 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 27 | Shipping (12) | 374.88 | −0.4 | 13.91 | 5.92 | 9.93 | 9.01 | 376.21 | 371.04 | 369.51 | 374.13 | 345.22 | [illegible] | [illegible] | [illegible] | 90.80 |
| 28 | Miscellaneous (49) | 156.59 | −0.2 | 14.25 | 7.05 | 10.50 | 10.50 | 156.69 | 156.25 | 155.61 | 157.10 | 141.68 | [illegible] | [illegible] | [illegible] | [illegible] |
| 29 | INDUSTRIAL GROUP (496) | 151.64 | −0.2 | 14.40 | 6.06 | 10.35 | 10.26 | 152.17 | 150.74 | 149.82 | 151.32 | 135.08 | [illegible] | [illegible] | [illegible] | 59.01 |
| 30 | OILS (4) | 368.28 | −0.4 | 11.62 | 4.45 | 9.93 | 9.21 | 366.88 | 363.46 | 361.77 | 362.64 | 288.18 | [illegible] | [illegible] | [illegible] | 87.23 |
| 31 | 500 SHARE INDEX | 169.70 | −0.1 | 13.95 | 5.80 | 10.28 | 10.07 | 169.81 | 168.22 | 167.25 | 168.61 | 145.03 | [illegible] | [illegible] | [illegible] | 63.49 |
| 32 | FINANCIAL GROUP (100) | 124.22 | −0.2 | — | 5.95 | — | — | 124.00 | 122.78 | 121.71 | 123.04 | 118.10 | [illegible] | [illegible] | [illegible] | 55.88 |
| 33 | Banks (6) | 152.08 | +0.3 | 20.35 | 5.57 | 7.56 | 7.56 | 151.63 | 151.35 | 150.64 | 152.25 | 165.80 | [illegible] | [illegible] | [illegible] | 62.44 |
| 34 | Discount Houses (10) | 152.61 | −0.3 | — | 9.06 | — | — | 153.05 | 151.25 | 154.04 | 154.88 | 148.47 | [illegible] | [illegible] | [illegible] | 81.40 |
| 35 | Hire Purchase (5) | 91.95 | — | — | 6.77 | — | — | 91.95 | 92.44 | 92.68 | 93.63 | 91.07 | [illegible] | [illegible] | [illegible] | 38.83 |
| 36 | Insurance (Life) (9) | 108.16 | −0.9 | — | 6.60 | — | — | 107.67 | 104.13 | 101.15 | 101.51 | 110.11 | [illegible] | [illegible] | [illegible] | 44.88 |
| 37 | Insurance (Composite) (7) | 94.74 | +0.3 | — | 7.41 | — | — | 94.42 | 93.40 | 93.05 | 93.18 | 100.41 | [illegible] | [illegible] | [illegible] | 43.96 |
| 38 | Insurance (Brokers) (9) | 250.17 | −0.5 | 9.66 | 4.42 | 14.98 | 14.96 | 250.69 | 247.17 | 244.87 | 249.66 | 193.94 | [illegible] | [illegible] | [illegible] | 65.86 |
| 39 | Merchant Banks (16) | 72.43 | −0.5 | — | 7.72 | — | — | 72.78 | 71.82 | 72.56 | 74.60 | 85.04 | [illegible] | [illegible] | [illegible] | 31.21 |
| 40 | Property (32) | 152.37 | — | 3.49 | 3.35 | 50.24 | 50.69 | 152.34 | 151.16 | 150.65 | 152.35 | 168.97 | [illegible] | [illegible] | [illegible] | 56.01 |
| 41 | Miscellaneous (6) | 72.37 | −0.1 | 18.06 | 8.35 | 8.67 | 8.67 | 72.44 | 72.92 | 72.19 | 75.11 | 73.74 | [illegible] | [illegible] | [illegible] | 33.29 |
| 42 | Investment Trusts (50) | 149.50 | +1.0 | 3.62 | 4.99 | 29.55 | 29.55 | 148.08 | 146.58 | 146.71 | 148.29 | 156.30 | [illegible] | [illegible] | [illegible] | 71.63 |
| 45 | ALL-SHARE INDEX (650) | 157.89 | — | — | 5.78 | — | — | 157.84 | 156.35 | 155.41 | 156.77 | 144.32 | [illegible] | [illegible] | [illegible] | 61.92 |

COMMODITY GROUPS (Not included in 500 or All-Share indices)

| | Group | Index No. | Day's Change % | Est. Earnings Yield % | Gross Div. Yield % | Est. P/E (net) | Est. P/E (nil) | June 14 | June 11 | June 10 | June 9 | Year ago | 1976 High | 1976 Low | Since Comp. High | Since Comp. Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 44 | Rubbers (9) | 479.35 | — | 12.43 | 7.11 | 12.13 | 11.96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 84.68 |
| 45 | Teas (5) | 137.56 | −0.4 | 30.63 | 8.61 | 4.45 | 4.38 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 59.72 |
| 46 | Coppers (3) | 259.07 | −1.3 | 38.15 | 6.63 | 2.62 | 2.62 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 94.08 |
| 47 | Mining Finance (11) | 111.46 | −1.0 | 9.36 | 4.52 | 11.98 | 11.89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 66.31 |
| 48 | Tins (5) | 115.96 | −0.2 | 11.50 | 7.95 | 12.28 | 12.60 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 54.83 |
| 49 | Overseas Traders (13) | 254.42 | — | 14.15 | 4.41 | 9.20 | 9.18 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 97.37 |

FIXED INTEREST

| | | Tue. June 15 Index No. | Yield % | Mon. June 14 | Fri. June 11 | Thurs. June 10 | Wed. June 9 | Tue. June 8 | Mon. June 7 | Fri. June 4 | Year ago (approx.) | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 13.98 | 14.17 | 14.06 | 14.05 | 14.05 | 14.04 | 14.04 | 14.12 | 14.71 | | | | |
| 2 | 20-yr. Govt. Stocks (6) | 48.96 | 13.28 | 48.72 | 49.03 | 48.96 | 48.96 | 48.76 | 48.53 | 47.24 | [illegible] | 53.45 | 47.56 | 115.42 | 38.27 |
| 3 | 20-yr. Red. Deb. & Loans (15) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 57.01 |
| 4 | Investment Trust Prefs. (15) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 34.45 |
| 5 | Coml. and Indl. Prefs. (20) | 65.41 | 14.54 | 65.32 | 65.64 | 65.52 | 64.98 | 64.89 | 64.41 | 64.23 | 58.08 | 71.97 | 62.70 | 114.95 | 67.67 |

Section or Group — Base Date — Base Value: [illegible]

† Redemption yield. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. [illegible]

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976 high | 1976 low |
|---|---|---|---|---|---|---|
| BP | £1 | 9 | 612 | +2 | 685 | 575 |
| Distillers | 50p | 9 | 147 | +3 | 158 | 139 |
| Eng. China Clays | 25p | 9 | 83 | +2 | 101 | 67½ |
| ICI | £1 | 8 | 364 | — | 402 | 328 |
| Rank Org. | 25p | 8 | 173 | +5 | 193 | 142 |
| Royal Insurance | 25p | 8 | 280 | +6 | 352 | 266 |
| Shell Transport | 25p | 8 | 446 | +2 | 462 | 378 |
| Thorn Elect. | 25p | 8 | 230 | +2 | 288 | 214 |
| Aust. & NZ Bkg. | £1 | 7 | 480 | −7 | 490 | 377 |
| Barclays Bank | £1 | 7 | 280 | — | 350 | 265 |
| De Beers Defd. | R0.05 | 7 | 242 | +6 | 335 | 108 |
| GEC | 25p | 7 | 154 | +4 | 168 | 142 |
| Hanson Trust | 25p | 7 | 127 | −2 | 146 | 121 |
| HK & Shanghai | $HK2.50 | 7 | 330 | — | 330 | 290 |
| Marks & Spencer | 25p | 7 | 93 | +2 | 108 | 88 |

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

## Option Report—3-month Call Rates

**OPTION DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| May 25 | Jun. 8 | Aug. 19 | Sep. 1 |
| Jun. 9 | Jun. 21 | Sep. 2 | Sep. 14 |
| Jun. 22 | July 5 | Sep. 16 | Sep. 28 |

"Calls" were transacted in Burmah Oil, "Gussies" "A," Brent Walker, Tootal, London City and Westcliff Properties, Manbre and Garton, National Westminster Warrants and Marks and Spencer. No "puts" were reported, but double options were arranged in Burmah Oil, Slater Walker, Tootal and London City and Westcliff Properties.

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| A.P. Cement | 15 | Hawker Sidd. | 35 | Thorn "A" | 22 | | |
| Assoc. Leisure | 5 | House of Fraser | 8 | Tube Invest. | 27 | Mines | |
| Barclays Bank | 22 | I.C.I. | 30 | Unilever | 38 | Anglo Amer. | 50 |
| Beecham | 28 | "Imps" | 7 | Utd. Drapery | 8 | Charter Cons. | 15 |
| Boots Drug | 12 | I.C.L. | 14 | Vickers | 16 | Char'h'll Fin. | 4 |
| Bowaters | 16 | Inveresk | 7 | Williams Hud'n | 4 | Cons. Gold | 15 |
| B.A.T. | 30 | Legal & General | 12 | Woolworths | 6 | De Beers Def. | 35 |
| British Leyland | 3 | Ladbroke | 11 | | | F. S. Geduld | 350 |
| BSC Int. | 5½ | Lloyds Bank | 22 | Property | | Great Boulder | 12 |
| Burton "A" | 6½ | "Lofs" | 4 | Brit. Land | 5½ | Hampton Areas | 12 |
| Cadburys | 5 | "Mums" | 7 | Cap Counties | 3 | Hampton Prop. | 4 |
| Courtaulds | 11 | Marks & Sp'ncer | 8 | E. P. | 8 | Kloof | 100 |
| Debenhams | 8 | Midland Bank | 22 | Int. Europ. | 7 | Lonrho | 9 |
| Distillers | 15 | Nat'l West Bank | 30 | Land Securities | 14 | Lomine | 55 |
| Dunlop | 7½ | "Do" Warrants | 8½ | MEPC | 7 | Poseidon | 55 |
| Eagle Star | 11 | P & O Dfd. | 11 | Peachey | 8 | Pres. Steyn | 300 |
| E.M.I. | 17 | Plessey | 7 | Samuel Props. | 4½ | Rio T. Zinc | 17 |
| Gen. Accident | 12 | R.H.M. | 5 | Town & City | 2½ | Welkom | 56 |
| Gen. Electric | 18 | Rank Org. "A" | 18 | | | West Areas | 40 |
| Glaxo | 35 | Reed Int'l | 25 | Oils | | Western M'ng. | 18 |
| Grand Met. | 7 | Rothmans | 4 | Brit. Petroleum | 40 | | |
| G.U.S. "A" | 16 | Slater Walker | 4 | Burmah Oil | 4½ | | |

## Looking ahead

A TEN-YEAR review of planning needs is to be held in the West Midlands, the West Midlands Planning Authority decided yesterday at Stoke on Trent.

## NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

### NEW HIGHS (36)

AMERICANS (9): Amax, CBS, Carborundum, Citicorp, Colt Inds., Continental Illinois, Continental Oil, Exxon [illegible]

ENGINEERING (1): Gardner (L.)

FOODS (2): Alpine Soft Drinks [illegible]

INDUSTRIALS (4): British Syphon [illegible], Schlumberger, Sonic [illegible]

NEWSPAPERS (1): Routledge Keg. Paul

SHIPPING (1): Milford Docks

TRUSTS (2): G.T. Japan [illegible]

OILS (1): Summit [illegible]

OVERSEAS TRADERS (1): Gill & Duffus

RUBBERS (1): Malayalam

MINES (4): Anglo Am. Coal, Anglo-Vaal [illegible], Metals Exploration [illegible]

### NEW LOWS (20)

[illegible]

PROPERTY (1): Estates & Prop. Inv.

SHOES (1): Hiltons Footwear

TRUSTS (5): Jove Inv. Cap, Lamont, New Bridge, Parambe, White Drummond

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 52 | 1 | 5 |
| Corpns. Dom. and Foreign Bonds | 3 | 0 | 61 |
| Industrials | 520 | 198 | 1,212 |
| Financial and Prop. | 132 | 49 | 309 |
| Oils | 16 | 6 | 13 |
| Plantation | 3 | 1 | 41 |
| Mines | 73 | 10 | 64 |
| Recent Issues | 4 | 0 | 65 |
| Totals | 802 | 265 | 1,827 |

## MONEY MARKET

# Large assistance

**Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)**

Day-to-day credit was in short supply again yesterday and the authorities gave a large amount of assistance by buying a moderate number of Treasury bills and local authority bills from the discount houses and banks, and by lending a moderate amount overnight to one or two houses, at Bank of England Minimum Lending Rate. Banks carried forward surplus balances from Monday, and Government disbursements exceeded revenue payments to the Exchequer. On the other hand, repayment was made of the previous day's official advances to the market and there was a net take-up of Treasury bills to finance.

Discount houses paid about 10½ per cent. for secured call loans in the early part, but closing balances were taken at around 10½-11½ per cent.

In the inter-bank market overnight loans opened at 11¼-11½ per cent. and eased to 10½ per cent., but increased sharply at the close to around 20-25 per cent.

Short-term fixed period interest rates were generally fairly steady. Rates in the table below are nominal in some cases.

| June 15 1976 | Sterling Certificate of deposit | Interbank | Local Authority deposit | Local Auth. negotiable bonds | Finance House deposit | Company deposits | Discount market deposits | Treasury bills | Bank Bills | Fine trade Bills |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 10½-25 | — | — | — | 11⅛-11¾ | 10½-11½ | — | — | — |
| 2 days notice | — | — | 11-11½ | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | 11-11½ | 11-11¼ | — | 11⅛-11½ | 11⅛-11½ | 10⅞-11⅛ | — | — | — |
| One month | 11-10⅞ | 10⅞-11⅛ | 11-11⅛ | 11⅛-11 | 11⅛ | 11⅛ | 10⅞ | 10⅞-10⅝ | 11 | 11½ |
| Two months | 11⅛-10⅞ | 11-11⅛ | — | 11⅛-10⅞ | 11⅛ | — | 10⅞ | 10⅝ | 11 | 11½ |
| Three months | 11⅛-11 | 10⅞-11⅛ | 11-11⅛ | 11⅛-10⅞ | 11⅛-11⅛ | — | 10⅞ | 10⅝-10⅞ | 11 | 11½ |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible]

Finance House Base Rates (published by the Finance Houses Association) 12 per cent. from June 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 8½ per cent. Clearing Bank Rates for lending 10½ per cent. Treasury Bills average tender rate of discount [illegible] per cent.

## BASE LENDING RATES

| Bank | Rate |
|---|---|
| Allied Irish Banks Ltd. | 10½% |
| American Express Bank | 10½% |
| Anglo-Portuguese Bank | 11 % |
| Henry Ansbacher | 11 % |
| Banco de Bilbao | 10½% |
| Banco de Jerez | 12 % |
| Bank of Cyprus | 11 % |
| Bank of N.S.W. | 10½% |
| Banque du Rhone S.A. | 11½% |
| Barclays Bank | 10½% |
| Barnett Christie Ltd. | 12 % |
| Bremar Holdings Ltd. | 11½% |
| Brit. Bank of Mid. East | 10½% |
| ■ Brown Shipley | 11 % |
| Canada Permanent AFI | 10½% |
| Cayzer, Bowater Co. Ltd. | 11 % |
| Cedar Holdings | 11 % |
| ■ Charterhouse Japhet | 11 % |
| C. E. Coates | 11 % |
| Consolidated Credits | 11 % |
| Co-operative Bank | *10½% |
| Corinthian Securities | 10½% |
| Credit Lyonnais | 10½% |
| G. R. Dawes | 11½% |
| Duboff Brothers | 11 % |
| Duncan Lawrie | 10½% |
| English Transcont. | 11 % |
| First London Secs. | 10½% |
| ■ Antony Gibbs | 11 % |
| Goode Durrant Trust | 10 % |
| Greyhound Guaranty | 10½% |
| Grindlays Bank | ‡10½% |
| ■ Guinness Mahon | 10½% |
| ■ Hambros Bank | 10½% |
| Hawtin & Partners | 13 % |
| ■ Hill Samuel | §11 % |
| C. Hoare & Co. | †10½% |
| Julian S. Hodge | 11½% |
| Hongkong & Shanghai | 10½% |
| Industrial Bank of Scot. | 10½% |
| Keyser Ullmann | 11 % |
| Knowsley & Co. Ltd. | 12½% |
| Lloyds Bank | 10½% |
| London & European | 11 % |
| London Mercantile | 11½% |
| Midland Bank | 10½% |
| ■ Samuel Montagu | 10½% |
| ■ Morgan Grenfell | 10½% |
| National Westminster | 10½% |
| Northern Comm. Trust | 11 % |
| Norwich General Trust | 11 % |
| Portman Guaranty | 9½% |
| P. S. Refson & Co. | 10½% |
| Rossminster Accept'cs. | 10½% |
| Schlesinger Limited | 11 % |
| E. S. Schwab | 12 % |
| Security Trust Co. Ltd. | 12 % |
| Shenley Trust | 12½% |
| Standard Chartered | 10½% |
| Trade Development Bk. | 10½% |
| Twentieth Century Bk. | 12½% |
| United Bank of Kuwait | 10½% |
| Whiteaway Laidlaw | 11½% |
| Williams & Glyn's | 10½% |
| Yorkshire Bank | 10½% |

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Demand deposits 8¼%.
§ Call deposits over £1,000 6¼%.

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## INSURANCE BASE RATES

| | |
|---|---|
| † Atlantic Assurance | 10½% |
| Cannon Assurance | 9½% |

† Address shown under Insurance and Property Bond table.

# AUTHORISED UNIT TRUSTS

[illegible]

## REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Albany Inv. 20p | 18 | ...... | Higsons Brew. | 62 | ...... | Conv. 9% '80/82 | £96 | ...... |
| Ash Spinning | 34xd | ...... | I.O.M. Stm. £1 | 135 | ...... | Alliance Gas | 54 | ...... |
| Bertam | 23 | ...... | Holt (Jos.) 25p | 235 | ...... | Arnott | 219½ | ...... |
| Bdg'wtr. Est. 50p | 135 | ...... | Kleen-e-Ze | 29 | ...... | Carroll (P.J.) | 118 | ...... |
| Clover Croft | 30 | ...... | Lovell's Ship £1 | 100 | ...... | Clondalkin | 47 | ...... |
| Craig & Rose £1 | 350 | ...... | N'thn. Goldsmith | 35xd | ...... | Concrete Prods. | 95 | ...... |
| Dyson (R.A.) | 18 | ...... | P.M.A. | 43 | -1 | Heiton (Hldgs.) | 23 | ...... |
| Ellis & McHdy | 59 | ...... | Pearce (C. H.) | 89 | ...... | Ind. News | 48 | ...... |
| Evans Fr'k. 10p | 37 | ...... | Peel Mills | 38 | ...... | Ins. Corp. | 160 | ...... |
| Evered | 12 | ...... | Robb Caledon | 98 | ...... | Irish Distillers | 53 | ...... |
| Fife Forge | 45 | ...... | Sayers 12½p | 14 | ...... | Irish Ropes | 72 | ...... |
| Finlay Pkg. 5p | 16½ | ...... | Sheffield Brick | 85 | ...... | Jacob | 42 | ...... |
| Frost & Reed 50p | 252 | ...... | Sheff. Refrshmt | 140 | ...... | Sunbeam | 32 | ...... |
| Craig Ship. £1 | 315 | ...... | Shiloh Spinn. | 24 | ...... | T.M.G. | 42½ | ...... |
| Hallam Sleigh 10p | 8 | ...... | Sindall (Wm.) | 99 | ...... | Unidare | 70 | ...... |

## HOLYROOD RUBBER

### *Mr. Addinsell's Statement*

The 63rd annual general meeting of Holyrood Rubber Limited was held on June 14th in London, Mr. J. Addinsell (the chairman) presiding.

The following is an extract from his circulated statement:

As to be expected the measures imposed by the Malaysian Government to improve the rubber price, which were not lifted until October, adversely affected production. It is satisfactory to report, therefore, that crop was only 8.78 per cent. lower than the record production of the previous year.

Prices received for our rubber, the main part of which the company continued to sell as field latex, fluctuated in the first six months of the financial year but improved in the second half. The result was an average net selling price of 23.93p per kg., as compared with 28.77p for 1974.

After taking into account £17,748 of investment income profit before tax amounted to £47,060. Taxation required £24,620, leaving £22,440. The board recommend the maximum permissible final dividend of 18.009p which, with the interim dividend of 4.110p already paid, makes a total of 22.119p for the year.

During the financial year 59 acres of rubber were replanted and a small area amounting to 17 acres was newly planted. It is intended to replant a further 80 acres in 1976. The planting with oil palms of an area of 25 acres not previously cultivated was undertaken during the year. It is expected to plant another 44 acres with oil palms in the current year.

At this time last year it was not possible to offer a very optimistic view of prospects for 1975, but the outlook for 1976 appears much brighter. Following the removal of restrictions on production, particularly the use of chemical stimulants, crops for the first three months of the current year amount to 222,262 kg., as against 210,468 kg. for the same period in 1975. The manager estimates to produce 1,066,860 kg. of rubber in 1976. Rubber prices since the beginning of the year have continued to rise.

The report was adopted.

*Agents & Secretaries: Harrisons & Crosfield, Limited*



# INSURANCE, PROPERTY, BONDS

[illegible]

# OFFSHORE AND OVERSEAS FUNDS

[illegible]

### NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by φ. § Guernsey yield. # Suspended. ★ Single premium insurance bonds.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | "Shorts" (Lives up to Five Years) | | | | |
| 99½ | 92 | Treasury 6½pc 1976‡‡ | 99 | ..... | 6.55 | 11.03 |
| 98¾ | 96¾ | Victory 4pc 1976‡‡ | 98⅝ | ..... | 4.04 | — |
| 101 | 99 | Treasury 10½pc 1976‡‡ | 100xd | ... | 10.50 | 10.47 |
| 98 | 95 | Treasury 6¼pc 1977‡‡ | 97 | +¼ | 6.44 | 10.45 |
| 97¼ | 94½ | Electric 3pc 74-77 | 95¾ | +¼ | 3.13 | 8.97 |
| 103 | 98 | Treasury 11½pc '77‡‡ | 100 | + | 11.46 | 11.15 |
| 94 | 91⅞ | Treasury 3pc '77‡‡ | 94 | + | 3.16 | 7.27 |
| 95 | 92¼ | Transport 4pc 72-77 | 95 | + | 4.20 | 7.42 |
| 99 | 90½ | Treasury 9pc 1978‡‡ | 96 | −⅛ | 9.33 | 11.26 |
| 101½ | 97 | Treasury 10½pc '78‡‡ | 99 | + | 10.61 | 11.08 |
| 93⅛ | 89⅝ | Exchequer 5pc 76-78‡‡ | 92 | +⅛ | 5.43 | 8.93 |
| 103 | 97⅞ | Treasury 11½pc '79‡‡ | 100 | +¼ | 11.50 | 11.46 |
| 85⅝ | 83⅝ | Treasury 3pc '79‡‡ | 87½ | +⅛ | 3.44 | 7.52 |
| 89 | 73⅞ | Electric 4¼pc 74-79 | 88⅛ | −⅛ | 4.82 | 6.46 |
| 100 | 94⅞ | Treasury 10½pc '79‡‡ | 97 | + | 10.82 | 11.53 |
| 88⅛ | 83⅝ | Electric 3½pc '76-79 | 87¼ | +¼ | 4.01 | 7.81 |
| 96 | 89¼ | Treasury 9pc 1980‡‡ | 92 | + | 9.74 | 11.54 |
| 96½ | 91¼ | Treasury 9½pc '80‡‡ | 93⅛ | +⅛ | 10.20 | 11.73 |
| 86 | 82¼ | Treasury 3½pc 77-80 | 85¼ | −⅛ | 4.11 | 7.67 |
| 88½ | 71 | Funding 5¼pc '78-80‡‡ | 88xd | +⅛ | 5.96 | 8.84 |
| 103 | 96 | Treasury 11½pc 1981 | 99 | + | 11.60 | 11.77 |
| 86 | 79 | Treasury 3½pc 1979-81 | 81¾ | ... | 4.28 | 8.22 |
| 95⅝ | 90½ | Treasury 9¾pc 1981‡‡ | 92 | −⅛ | 10.59 | 11.95 |
| | | Five to Fifteen Years | | | | |
| 94½ | 86 | Treasury 8½pc '80-82‡‡ | 87⅛xd | +¼ | 9.68 | 11.53 |
| 107¼ | 99⅜ | Treasury 12pc 1983‡‡ | 102½ | +⅜ | 12.18 | 12.31 |
| 81½ | 73¾ | Funding 5½pc '82-84‡‡ | 76¾xd | +⅛ | 7.17 | 9.96 |
| 87⅝ | 79⅛ | Treasury 8¼pc '84-86‡‡ | 81¼xd | +⅜ | 10.39 | 11.61 |
| 74¼ | 67¼ | Funding 6½pc '85-87‡‡ | 69¼ | +⅜ | 9.53 | 11.70 |
| 77 | 71 | Treasury 7¾pc '85-88‡‡ | 75⅛ | +⅜ | 10.75 | 12.32 |
| 51¼ | 45⅝ | Transport 3pc '78-88 | 48xd | +¼ | 6.19 | 10.71 |
| 59 | 52¼ | Treasury 5pc '86-89 | 54⅞ | +¼ | 9.25 | 11.98 |
| 103¾ | 93¾ | Treasury 13pc 1990‡‡ | 95xd | +¼ | 13.54 | 13.55 |
| 75 | 65 | Treasury 8¼pc '87-90‡‡ | 69⅞xd | +¼ | 11.81 | 12.97 |
| 60 | 53⅛ | Funding 5¾pc '87-91‡‡ | 55⅝xd | +⅜ | 10.65 | 12.72 |
| | | Over Fifteen Years | | | | |
| 100½ | 87 | Treasury 12¼pc '92‡‡ | 91⅝xd | +¼ | 13.73 | 13.99 |
| 95½ | 85¼ | Treasury 12½pc '93‡‡ | 89¾xd | −¼ | 13.84 | 14.01 |
| 56 | 50 | Funding 6pc 1993‡‡ | 52⅞ | +⅜ | 11.69 | 13.21 |
| 75 | 66 | Treasury 9pc '94‡‡ | 69 | +¼ | 13.18 | 13.77 |
| 36½ | 32⅛ | Gas 3pc '90-95 | 33⅛ | +¼ | 9.09 | 12.09 |
| 100 | 87⅞ | Treasury 12¾pc '95‡‡ | 91⅞ | +¼ | 14.07 | 14.16 |
| 75⅞ | 66 | Treasury 9pc '92-96‡‡ | 69⅛ | +¼ | 13.42 | 13.91 |
| 94 | 92⅞ | Exchequer 13¼pc '96‡‡ | 94 | +⅛ | 14.12 | 14.19 |
| 35½ | 31 | Redemption 3pc 1986-96 | 33⅛ | +⅛ | 9.23 | 11.85 |
| 102½ | 88 | Treasury 13¼pc '97‡‡ | 92½xd | +¼ | 14.12 | 14.19 |
| 70 | 64⅞ | Treasury 8¾pc 1997‡‡ | 67¼ | +¼ | 13.53 | 13.97 |
| 57 | 50 | Treasury 6¾pc '95-98‡‡ | 52⅞ | +¼ | 13.10 | 13.83 |
| 76 | 65½ | Treasury 9½pc 1999‡‡ | 68⅝xd | +¼ | 13.69 | 14.00 |
| 31½ | 27¼ | Funding 3½pc '99-04 | 28xd | +⅛ | 12.22 | 13.17 |
| 65 | 56¾ | Treasury 8pc '02-06‡‡ | 59½ | +¼ | 13.54 | 13.99 |
| 46 | 39 | Treasury 5½pc '08-12‡‡ | 42⅝ | +⅛ | 13.70 | 13.84 |
| 60⅞ | 52¼ | Treasury 7¾pc '12-15‡‡ | 58⅛ | +¼ | 14.00 | 14.04 |
| | | Undated | | | | |
| 30 | 26 | Consols 4pc | 29¾ | +⅛ | 14.41 | — |
| 27 | 23 | War Loan 3½pc‡‡ | 25xd | +⅛ | 13.73 | — |
| 28 | 25¼ | Conv. 3½pc '61 Aft. | 27 | +⅛ | 13.32 | — |
| 23 | 20⅝ | Treasury 3pc '66 Aft. | 21 | +⅛ | 14.45 | — |
| 19 | 17 | Consols 2½pc | 17¾xd | +¼ | 13.98 | — |
| 19 | 16⅞ | Treasury 2½pc | 17¼ | +¼ | 14.51 | — |

## **INTERNATIONAL BANK

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 99¾ | 98¼ | 5pc Stock 1976 | 99 | ..... | 5.02 | 9.85 |
| 75 | 65½ | 5pc Stock 77-82 | 72 | ..... | 7.03 | 11.69 |

## **CORPORATION LOANS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 89¼ | 84½ | Birm'ham 9¾pc 76-80 | 89½ | ..... | 10.87 | 13.34 |
| 97½ | 87½ | Bristol 6½pc '75-77 | 96½ | ..... | 6.73 | 12.30 |
| 94½ | 85½ | Essex 5½pc 73-77 | 93½xd | ..... | 5.90 | 12.63 |
| [illegible] | [illegible] | G.L.C. 7¼pc 1977 | [illegible] | ..... | 7.69 | 12.68 |
| 102½ | 93½ | Do. 12½pc '82 | 97½ | ..... | 12.92 | 13.28 |
| 78½ | 74½ | Herts. 5½pc 78-80 | 77 | ..... | 6.81 | 12.66 |
| [illegible] | 91 | Liverpool 7pc 76-77 | 93¾ | ..... | 7.47 | 12.50 |
| [illegible] | 79 | Do. 9¼pc 80-84 | 82 | ..... | 12.01 | 13.70 |
| 26 | 22 | Do. 3½pc Irred. | 25xd | ..... | 14.83 | — |
| 90 | 86¼ | Lon. Corp. 6½pc 75-76 | 88½ | ..... | 7.34 | 12.77 |
| 85 | 75 | Do. 9¼pc '84-85 | 83¼ | ..... | 11.73 | 13.26 |
| 91½ | 87 | L.C.C. 6pc 75-78 | 90 | ..... | 11.73 | 12.89 |
| 75½ | 69¼ | Do 5½pc 77-81 | 73¼ | ..... | 7.65 | 13.05 |
| 67½ | 60½ | Do 5½pc '82-84 | 65½ | ..... | 8.70 | 12.98 |
| 59 | 52½ | Do 5½pc '85-87 | 54xd | ..... | 10.20 | 13.74 |
| 60½ | 20½ | Do 6¾pc '88-90 | 57¼ | ..... | 12.42 | 14.41 |
| 22 | 19 | Do. 3pc '20 Aft. | 21 | ..... | 14.62 | — |
| 93¼ | 90 | Middx. 6¼pc 75-77 | 92 | ..... | 6.67 | 12.38 |
| 79¼ | 74½ | Do 5¼pc 1980 | 77 | ..... | 6.91 | 13.19 |
| 90½ | 85½ | Newcastle 9¾pc 78-80 | 87 | ..... | 10.53 | 13.35 |
| 101½ | 97 | Warwick 12¼% 1980 | 99 | ..... | 12.63 | 12.76 |

## COMMONWEALTH & AFRICAN LOANS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 100 | 92 | **Aust. 6pc 74-76 | 99 | +⅛ | 6.10 | 10.91 |
| 91 | 85½ | **Do. 5½pc 75-78 | 87¼ | ..... | 6.38 | 12.62 |
| 82 | 77 | **Do. 5½pc 77-80 | 79½xd | ..... | 6.90 | 12.76 |
| 74 | 66 | **Do. 5½pc '81-82 | 70½ | ..... | 7.93 | 13.22 |
| 86 | 80¾ | **N.Z. 4pc 1976-78 | 85xd | ..... | 4.71 | 11.07 |
| 82 | 80 | **Do. 6pc '76-80 | 81¼ | ..... | 7.50 | 12.96 |
| 74 | 67½ | **Do 7½pc '83-86 | 69½xd | ..... | 10.79 | 13.04 |
| 43 | 25 | Sth. Rhod. 2½pc '65-70 | 28 | ..... | — | — |
| 62 | 39 | Do. 6pc 78-81 | 46 | +2 | — | — |

## LOANS (Miscel.)

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 81 | 42½ | Agric. Mt. 5pc '59-89 | 44½xd | ..... | 11.18 | 14.59 |
| 76½ | 66½ | Alcan 10½pc '89-94 | 72xd | ..... | 14.48 | 14.98 |
| 100 | 93¾ | **FFI 13pc '81 | 97 | ..... | 13.40 | 13.87 |
| 106 | 99 | Do 14pc 1979 | 103½ | ..... | 13.60 | 12.90 |
| 66 | 60¾ | ICFC 6½% Ln. 92-97 | 65 | ..... | 14.21 | 14.70 |
| 97½ | 89 | Do. 9pc 1977 | 95xd | ..... | 9.47 | 12.40 |
| 100 | 94½ | Do. 10pc 'C' 1976 | 98¾ | ..... | 10.17 | 14.10 |
| 24 | 21 | **Met. Water 3pc 'B' | 23 | ..... | 13.56 | 14.72 |
| 94 | 71 | U.S.M.C. 9pc 1982 | 92xd | +1 | 9.78 | 10.80 |
| 82 | 71 | Do without Wrnts. | 77 | ..... | 11.69 | 14.80 |
| 89 | 84 | Ultramar 7pc '73-78 | 89 | ..... | 7.88 | 12.20 |

## FOREIGN BONDS & RAILS

| 1976 High | Low | Stock | Price £ | + or − | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 12½ | 9 | Antofagasta Rly. | 10¼ | ..... | — | — |
| 36 | 28 | Do. 5pc Pref. | 28½xd | ..... | B— | — |
| 95 | 26½ | Berlin 4½pc Ass. | 95 | ..... | 4½ | 9.19 |
| 94 | 94 | Chilean Mixed | 94 | ..... | 3 | 13.21 |
| 195 | 192 | German Yng. 4½pc. | 195xd | ..... | 9.12 | — |
| 72 | 63 | Greek 7pc Ass. | 64xd | ..... | 3½ | 15.55 |
| 67 | 55 | Do 6pc 28 Stab. Ass. | 62 | ..... | 3 | 15.47 |
| 45 | 35 | Do 4pc Mixed Ass. | 46 | ..... | 2 | 14.93 |
| 31½ | 30 | Hung. '24 Ass. | 31 | ..... | 4½ | 14.25 |
| 55 | 50 | Iceland 6½pc '83-88 | 52 | ..... | 6½ | 13.96 |
| 74½ | 56½ | Ireland 7½pc '81-83 | 70xd | ..... | 7½ | 14.25 |
| 77 | 69½ | Do 9¾pc '91-96 | 71xd | ..... | 9¾ | 14.70 |
| 206 | 66¼ | Japan 4pc '10 Ass. | 202xd | ..... | 14.70 | 14.65 |
| 71½ | 62 | Do 6pc '83-88 | 71½ | ..... | 6 | — |
| 163 | 153 | Peru Ass. 3pc | 150 | ..... | 3 | 2.01 |
| 48½ | 17½ | Romanian 4pc Cs. | 18xd | ..... | — | — |
| $95 | $70 | S.G.I. With Wrnts. | $93 | ..... | 9 | 9.68 |
| $95 | $91 | Turin 9pc 1991 | $92½ | ..... | 9 | 9.68 |
| DM84 | 82 | Turin 6½pc 1984 | DM82 | ..... | 6½ | 9.73 |
| 71 | 60 | Uruguay 3½pc. | 69 | ..... | 3½ | 7.10 |

US $ DM Prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 49½% (based on $1.7770 per £)

Conversion factor 0.5704 (0.5752)

## CANADIANS

[illegible]

S.E. List Premium 49½% (based on $1.7725 per £)

## BANKS AND HIRE PURCHASE

[illegible]

## Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

## BUILDING INDUSTRY—Continued

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Continued

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING, MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPBUILDERS, REPAIRERS

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## TRUSTS—Continued

[illegible]

### Finance, Land, etc.

[illegible]

## OILS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]



## MINES—Continued

### FAR WEST RAND

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 710 | 350 | Blyvoor 25c | 580 | +20 | †Q100c | 1.3 | ‡ |
| £14 | 785 | Buffels R1 | £10¼xd | +⅛ | Q125c | ϕ | 7.0 |
| 198 | 95 | Deelkraal 90.20 | 154 | +4 | — | — | — |
| 760 | 330 | Doornfontein R1 | 500 | +20 | Q55c | ϕ | 6.6 |
| 965 | 640 | East Drie R1 | 880 | +15 | Q75c | 1.7 | 5.1 |
| 280 | 160 | Elandsrand Gld. 20c | 240 | +5 | — | — | |
| 190 | 112 | Elsburg R1 | 138 | +6 | †Q33c | 1.0 | 14.5 |
| £16½ | £11¼ | Hartebeest R1 | £15½ | +⅛ | Q190c | ϕ | 7.5 |
| 695 | 420 | Kloof Gold R1 | 570 | +20 | Q47c | ϕ | 5.0 |
| 760 | 400 | Libanon R1 | 510 | +25 | Q80c | ϕ | 9.6 |
| 740 | 335 | Southvaal 50c | 640 | +10 | Q8c | 1.3 | 0.7 |
| 245 | 140 | Stilfontein 50c | 200xd | +2 | †Q36c | 2.2 | ‡ |
| £20½ | £10¾ | Vaal Reefs 50c | £17½ | +¼ | †Q175c | 2.1 | ‡ |
| 420 | 175 | Ventersport R1 | 225 | +10 | †Q70c | 1.9 | ‡ |
| £35 | £19¼ | W. Drie R1 | £27¼ | +¾ | Q335c | ϕ | 7.3 |
| 315 | 165 | Western Areas R1 | 210 | +5 | †Q52c | 1.4 | 14.7 |
| £15¼ | 790 | Western Deep R2 | £11⅛ | +½ | †Q147c | 1.6 | 4.2 |
| 290 | 190 | Zandpan R1 | 270 | +10 | Q31¼c | ϕ | 7.0 |

### O.F.S.

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 170 | 75 | Free State Dev. 50c. | 120 | ...... | Q14c | 1.6 | 6.9 |
| £22½ | £12 | F.S. Geduld 50c | £15¼ | +½ | †Q330c | 1.3 | ‡ |
| 200 | 57 | F.S. Saaiplaas R1 | 185 | +10 | 26c | ○ | 1.9 |
| 465 | 295 | Harmony 50c | 430 | +10 | Q65c | ϕ | 9.0 |
| 195 | 70 | Loraine R1 | 134 | +1 | Q6c | 0.5 | 2.7 |
| £18½ | 950 | Pres. Brand 50c | £14⅞ | +⅛ | †Q150c | 1.3 | ‡ |
| £13 | 700 | Pres. Steyn 50c | 885 | +20 | †Q115c | 2.2 | ‡ |
| £23 | £12 | St. Helena R1 | £16 | +¼ | †Q250c | 1.2 | ‡ |
| 174 | 86 | Unisel | 126 | +1 | — | — | — |
| 330 | 220 | Welkom 50c | 280 | +5 | †Q55c | 1.7 | ‡ |
| £25½ | £14 | W. Holdings 50c | £21 | ...... | †Q475c | 1.2 | ‡ |

### FINANCE

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 535 | 315 | Ang. Am. Coal 50c | 535 | +15 | MQ38c | 2.8 | 4.2 |
| 375 | 235 | Ang. Amer. 10c | 318 | +8 | Q33c | 1.9 | 6.2 |
| £28¾ | £17½ | Ang. Am. Gold R1 | £24 | +1 | †Q260c | 1.3 | ‡ |
| £13¼ | 850 | Ang-Vaal 50c | £13¼ | +¼ | Q105c | ϕ | 4.8 |
| 199 | 118 | Charter Cons. | 162xd | −1 | 6.76 | ϕ | 6.4 |
| 220 | 146 | Cons. Gold Fields | 182 | +1 | g7.37 | 4.3 | 6.2 |
| 23½ | 15 | East Rand Con. 10p. | 17 | ...... | 1.0 | ϕ | 9.0 |
| 330 | 185 | Geduld Inv. R1 | 290 | +10 | Q40c | 1.5 | 8.2 |
| £25 | £15½ | Gen. Mining R2 | £19½ | +½ | Q210c | 2.1 | 6.4 |
| £22½ | £14½ | Gold Fields S.A. 25c | £19½ | +½ | Q225c | 1.3 | 6.8 |
| £24 | £11½ | Jo'burg Cons. R2 | £18¾ | +¼ | Q165c | 2.5 | 5.2 |
| 380 | 200 | Middle Wit 25c | 350 | +5 | Q35c | ϕ | 6.1 |
| 240 | 168 | Minorco SBD1.40 | 220 | +6 | †Q14c | — | ‡ |
| 160 | 85 | New Wit 50c | 125 | +3 | Q20c | 1.6 | 9.5 |
| £12¾ | 770 | Patino NV Fls 5 | £12 | ...... | QC40c | 10.5 | 1.1 |
| 810 | 480 | Rand Selection 50c. | 590 | ...... | †Q75c | 1.5 | ‡ |
| 543 | 449 | Selection Trust | 490 | ...... | £15.2 | 2.0 | 4.8 |
| 230 | 135 | Sentrust 10c | 215xd | −3 | Q30c | ϕ | 8.3 |
| 66 | 45 | Silvermines 2½p | 58 | ...... | ‡a4.0 | 1.6 | |
| 175 | 95 | SW Africa 20p | 175 | ...... | †17.87 | 2.0 | 15.7 |
| £12½ | 700 | T'vaal Cons Ld R1 | £11 | +⅛ | Q65c | 2.0 | 1.8 |
| 310 | 170 | U.C. Invest R1 | 220 | ...... | Q36c | 1.0 | 9.7 |
| 465 | 245 | Union Corpn. 6.25c | 315 | ...... | Q42c | 1.4 | 7.9 |
| 90 | 45 | Vogels 2½c | 78 | ...... | Q6½c | 1.2 | 4.9 |

### DIAMOND AND PLATINUM

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £32½ | £17½ | Anglo Am. Inv. 50c | £25¼ | +¾ | Q244c | 1.6 | 5.9 |
| 122 | 68 | Bishopsgate Pl. 10c | 113xd | −1 | Q6.5c | ϕ | 3.4 |
| 335 | 198 | De Beers Df. 5c | 242 | +6 | Q28c | 2.2 | 6.9 |
| £14 | 850 | Do. 40pc Pf. R5 | £10 | ...... | Q200c | ϕ | 11.8 |
| 128 | 69 | Lydenburg 12½c | 114 | −1 | †Q2.9c | 1.5 | 1.6 |
| 207 | 108 | Pot. Plats 2½pc | 130 | −2 | ϕ†Q5c | 1.0 | 1.6 |
| 169 | 90 | Union Plat. 10c | 163 | −3 | †Q4.96c | 1.0 | 1.8 |
| 176 | 88 | Waterval 5c | 170 | −3 | ϕ†Q5.2c | 1.0 | 1.7 |

### CENTRAL AFRICAN

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 165 | 70 | Coronation 25c | 105 | +7 | †Q34c | 2.1 | ‡ |
| 127 | 85 | Falcon Rh.50c | 115 | ...... | †Q35c | 1.3 | — |

[illegible]

### AUSTRALIAN

[illegible]

### TINS

[illegible]

### COPPER

[illegible]

### MISCELLANEOUS

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| | | [illegible] | | | | | |
| 39½ | 23 | Charterhall 5p | 28½ | ...... | — | — | — |
| 965 | 560 | Cons. Murch. 10c | 925 | +25 | †Q80c | 1.8 | 5.2 |
| 55 | 28 | Laurasia | 43 | ...... | — | — | — |
| 455 | 245 | Northgate C$1 | 360 | ...... | Q25c | 0.3 | 3.6 |
| 239 | 178 | R.T.Z. | 226 | +1 | 5.42 | 2.1 | 3.7 |
| 112 | 84 | Sabina Inds. C$1 | 85 | ...... | — | — | — |
| £15⅞ | £10 | Tara Expln. $1 | £15⅞ | +⅛ | — | — | — |
| 85 | 65 | Tehidy Minerals 10p | 80xd | ...... | 2.17 | ϕ | 4.2 |
| 132 | 84 | Yukon Cons. C$1 | 130 | +1 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1975 profits
- ‖ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. ‡ No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 23

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Wednesday June 16 1976



# Johnston out of Liberal leader poll

BY RICHARD EVANS, LOBBY EDITOR

MR. RUSSELL JOHNSTON, chairman of the Scottish Liberals, has failed in his bid to secure nomination from three fellow-MPs as a candidate for the party leadership, despite enjoying widespread support from members throughout the country.

So the contest is a straight fight between Mr. John Pardoe, MP for North Cornwall and the Party's economic spokesman, and Mr. David Steel, MP for Roxburgh, Selkirk and Peebles.

The result of the ballot of all Liberal constituency associations will be known at noon on July 8.

The three-week campaign promises to be lively and possibly acrimonious, judging by the opening shots yesterday, when Mr. Pardoe agreed to a scheme to nominate Mr. Johnston and was immediately accused of gimmickry by Mr. Steel.

Mr. Johnston, desperate to gain nomination, approached Mr. Pardoe who agreed to sign his nomination papers provided Mr. Steel and Mr. Jeremy Thorpe, the former leader, also did so.

Mr. Steel said he was "not interested in last minute gimmicks" and accused Mr. Pardoe of launching a "crude attempt to win over the Johnston supporters."

## Impressive

In general, however, the prospects are that Mr. Pardoe will make most of the running, projecting himself as a radical new leader who would seek to overturn many political conventions, while Mr Steel will argue that the Liberals must attract widespread support outside the party with constructive, responsible policies.

Mr. Steel has more support among Liberal MPs, but Mr. Pardoe's campaign managers believe he has impressive backing among party activists. This could be a decisive factor because of the new electoral procedures devised at the special rules conference in Manchester last weekend.

Mr. Pardoe is backed by Mr. Cyril Smith, Mr. Richard Wainwright and Mr. David Penhaligon among Liberal MPs, and Mr. Steel has the support of Mr. Clement Freud, Mr. Emlyn Hooson Mr. Stephen Ross, and the Party's Chief Whip, Mr. Allen Beith, who declared his support after nominations closed.

Neither Mr. Thorpe nor Mr. Jo Grimond, the acting leader, is expected to commit support to either candidate. Mr Johnston is to seek the advice of his supporters over the new few days before deciding whether to give his backing to either candidate. The signs are that he is leaning towards Mr. Pardoe's camp.

In London an ebullient Mr. Pardoe said if he became leader the party would pour scorn on our democratic institutions "until we have ricked them into the sea."

Mr. Steel will officially launch his campaign to-day, but he said at Southampton last night that the vital task for the Liberal party was to speak to the millions disenchanted with politics.

"We must end remote Government by scraping all the appointed bureaucracies which govern us and bringing them under effective regional democracy."

The electoral system chosen by the Liberals means that more than 20,000 party members will have a vote. Each affiliated constituency association will have up to 20 votes, with a further vote for each 500 votes cast for Liberal candidates at the last general election.

# Arab League peace bid meets snags

BY IHSAN HIJAZI BEIRUT, June 15.

AS SYRIA reportedly moved more troops into Lebanon to-day there was little sign of progress in the attempt by Mr. Mahmoud Riad, the secretary-general of the Arab League, to overcome the obstacles to forming a joint Arab peace-keeping force.

Mr. Riad flew by helicopter to Jounieh, the Christian stronghold on the coast 12 miles north of Beirut, and went into conference with President Suleiman Franjieh. Later he met President-elect Elias Sarkis.

The Christian leaders told Mr. Riad that if the joint Arab force were sent to Lebanon, French troops must be allowed to come too; otherwise the Arab League ought to support the unilateral Syrian intervention.

Earlier there were hints that the Lebanese Front, the group of Right-wing Christians who oppose Arab League intervention, might be prepared to moderate its stance if Libya, Algeria and the Palestine Liberation Organisation were dropped from the countries taking part in the force.

The other participants are Syria, Sudan and Saudi Arabia. The Christians claim that the Algerians and Libyans have been supporting the Left-wingers in the Lebanon struggle while the PLO is a major participant.

On the other hand, the Left-wing groups in Lebanon have insisted that the Arab force should totally replace the 12,000 Syrian troops now in Lebanon. The Syrian Government has taken the view that its forces should retain overall control and that the Arab League force should play only a supplementary role.

Major Abdel Salam Jalloud, the Libyan Prime Minister, held separate meetings with Mr. Sarkis and representatives of the Right-wing Phalangist party. He also met Palestinian guerilla leaders.

It is reported that he tried to remove Right-wing fears about the Libyan role in Lebanon and promised Libyan financial aid to rebuild the Lebanese economy after the crisis. This was the first time Major Jalloud has met the Phalangists and Mr Sarkis since he began his mediation mission a week ago.

Syrian forces equipped with tanks and artillery, to-day moved up from the Bekaa valley to reinforce units in southern Lebanon near the Israel border.

The Syrian border with Lebanon was reported closed. Some sources attributed this to the troop movements but Palestinians alleged it was because of unrest in Syria.

The Syrian Government has already denied reports that some military contingents stationed outside Damascus had mutinied after rejecting orders to move into Lebanon. Syria said that a pilot who defected to Iraq with his MiG 23 interceptor was a Palestinian serving with the Syrian airforce.

Other Middle East news, Page 7

# Last 8½m. ICI shares placed for £30m.

BY MARGARET REID

THE 8.5m. SHARES not taken up by holders under Imperial Chemical Industries' £200m. rights issue were sold off yesterday for £30m. to a wide range of investing institutions at a price only about 2 per cent. below that in the market.

Some 86.3 per cent. of the 61.76m. shares offered at 330p to the group's 530,000 shareholders were subscribed for. This was considered a satisfactory result, though a rather lower rate of response than the 90 per cent. or so widely looked for in the City.

The remaining 13.7 per cent. —the 8.5m. shares — were placed at 357p each, 7p below last night's closing price of 364p, 2p lower on the day.

Shareholders who did not subscribe will receive 26½p a share, representing the premium obtained over the 330p offer price, less expenses, on the shares to which they were entitled.

A large number of, about 80, institutions bought the shares not taken up, which were disposed of yesterday morning in a placing arranged by the bankers J. Henry Schroder Wagg and S. G. Warburg, underwriters to the issue.

# Finnish-Soviet trade plan

BY LANCE KEYWORTH HELSINKI, June 15.

THE PERMANENT Joint Government Finnish-Soviet Committee for Economic Co-operation has decided that all its working groups are to participate actively in preparing a plan for economic co-operation over a 15-year period. This makes Finland the first Western country to work towards such a long-term trading plan with the Soviet Union.

So far, Finnish-Soviet trade has been conducted within the frame of Five Year Agreements. The turnover in the last five-year period, 1971-75, was about Fmks26bn. (£3.8bn.) at present exchange rates. This is double the sum foreseen when the agreement was signed. Trade this year, the first of the new Five Year Agreement, is estimated to total some Fmks 9bn. (£1.3bn.), which makes the Soviet Union easily the No. 1 trading partner of Finland.

# Maritime Fruit expects more ship arrests

BY JOHN WYLES, SHIPPING CORRESPONDENT

MARITIME FRUIT CARRIERS, the troubled Israeli-American shipping group, yesterday predicted the possible arrest and forced sale of four more of its ships in a statement which held out continued hope of a fresh injection of cash shortly.

Having undertaken a fortnight ago to try to conclude negotiations on a possible $15m. (£8.6m.) investment in the company within 14 days, MFC's president, Mr. Struve Hensel, said yesterday that the delay was due to "the complexity of the company's affairs" and the large number of interests involved. A definite announcement would be made early next week on "whether the prospective investors will be prepared to proceed or otherwise."

## Cash flow need

Coupled with Mr. Hensel's name on the statement was that of Mr. John F. Smith, a marine solicitor representing the prospective investors, whose identities remain unknown. But negotiations on the deal apparently took Mr. Hensel to New York and Washington last weekend.

MFC, which has defaulted on £12m. bank debts and £7.5m. supply and service debts, is desperately in need of money for cash flow at the start of a slimming operation which is part planned and part forced.

The company acknowledged yesterday that it expected "further arrests and judicial sales of its Israeli-flag vessels." Three of these refrigerated cargo ships the Lemoncore, Avocadocore and Bananacore, are already under arrest against debts to a group of banks led by Bankers' Trust International.

These arrests over the past fortnight are not, it was claimed yesterday, a breach of the moratorium agreed between MFC and its banks. All seven Israeli-flag reefers are believed to have been purchased under Floating Rate Note arrangements, which aren .ot susceptible to renegotiation and under which the trustee bank, First Empire, is obliged to force debt repayments.

On this front MFC's bankers have been cheered by the price reached last week from the forced sale in Honolulu of the reefer Mandarincore. Seven interests apparently placed 66 bids before the ship went to a U.K. company, Castle and Cook, for $6.8m. (£3.8m.). Various valuers put the ship's market price at between $6m. and $6.75m.

A fourth MFC reefer, the Mangocore, which according to the company sails under the U.K. flag, has been arrested in the Port of London on behalf of Manufacturers' and Traders' Trust Company of New York.

## Long charter

● Petrofina, the Belgian oil company, has fixed the longest tanker time-charter for nearly two years. Firm details are still unavailable but the tanker, fixed for a ten-year term, is the Melania, 209,400 deadweight tons, recently sold by Shell in a deal involving S. Bergesen of Oslo.

# Pressure mounts to suspend deferred tax accounting rule

BY MICHAEL LAFFERTY

THE ACCOUNTING Standards Committee (ASC), the body which works out accounting rules for British companies, is facing powerful pressure from industry and City institutions to suspend its controversial standard on deferred tax accounting.

Yesterday the Committee of London Clearing Banks, the Confederation of British Industry and the British Insurance Association told the ASC that they have major objections to the standard (SSAP 11) which is due to become effective for accounting periods to December, 1976, and is already being applied by many companies.

Their stand is strongly supported by Price Waterhouse, the major U.K. accountancy firm, which has long been opposed to full-scale deferred tax accounting.

The controversial deferred tax standard is a method of accounting for taxation which smoothes out the differences between the way profits are shown in accounts and the way they are taxed. Most of these are timing differences, where income and expense is brought into account in a different period from that in which the tax—or tax relief—actually arises.

Deferred tax accounting is based on the argument that tax or tax relief in the form of high depreciation allowances and stock appreciation relief should be matched with the relevant expense or gain.

For example, accelerated tax depreciation is granted on a once-and-for-all basis in the year the money is spent but the tax relief is spread for accounting purposes to match the actual depreciation charged in the accounts.

Price Waterhouse says that only rarely are the amounts set aside as deferred taxation ever likely to become payable.

"In a continuing business, inflation and business expansion will ensure that capital expenditure eceeds normal depreciation charges year-in and year-out, so that deferred ta provisions get larger and larger and their 'claw-back' increasingly remote. Similarly, stock depreciation relief will only be clawed back if stock values fall."

The Manchester Business School claims to haev shown by using a computer-based model and making realistic assumptions, that something like 90 per cent. of all the amounts currently shown in company balance-sheets will never become actual liabilities.

## Reconsider

Last night Sir Ronald Leach, who retires shortly as chairman of the ASC, acknowledged that there is now considerable opposition to SSAP 11. "We shall certainly reconsider the matter at our next meeting on June 30." He agreed that suspension of the standard was "a possibility."

Sir Ronald pointed out that there had been two major developments since the standard was worked out. One was the publication of the Sandilands Report on inflation accounting, which when implemented will result in an enormous expansion in deferred tax provisions, and the other was the Government's failure to exempt the companies from the deferred tax on stock appreciation relief.

The accumulated tax on accelerated depreciation at the end of 1975 amounted to nearly £7bn. and tax on stock appreciation relief was well over half this amount, according to Price Waterhouse. "Companies just would not be able to pay these vast sums and setting up provisions in accounts as if they were liabilities creates a misleading impression of company finances," says the accounting firm.

The CBI memorandum, which is now formally supported by a large number of major British companies, says tha tthe present standard shows an unnecessary emphasis on mathematical symmetry which results in serious distortions for the vast majority of companies.

"To a large extent, the balance shown as defered taxation is a meaningless figure, giving no objective verifiable information about the tax position of the company while it remains a going concern."

The CBI warns of the danger that accounting practices could fall into disrepute as a result of failure to take a realistic view of practical matters of business.

Price Waterhouse argues that nothing could do more damage to the development of accounting standards than a flood of qualifications in audit reports on major public companies' accounts due to non-compliance.

More significantly, perhaps, the banks are thought to fear that by complying with the present standard they could be revealing the extent of their bad debt provisions.

The solution to the present controversy proposed by Price Waterhouse lies somewhere between SSAP 11 and doing no deferred tax accounting at all. Like the banks, the firm believes there is no need to set up deferred tax on revaluation surpluses, but it would favour deferring tax on short-term timing differences, as for example in the case of interest and royalties where tax relief is given on a cash rather than an accruals basis.

This leaves "incentive-type" timing differences, such as accelerated depreciation, and these present the greatest difficulties in formulating alternative rules. The firm suggests that the criteria for not doing deferred tax accounting here "would he that a company should have a record of annual capital expenditure in excess of depreciation and there should be reasonable certainty that this pattern of capital expenditure will continue in the future."

Continued from Page 1

# EMI

sought legal redress in the three countries where it believed its trade mark had been infringed.

It feared that if the use of the Colombia label passed unchallenged for quadrophonic records, CBS would start to use the trade mark across the Board. EMI uses Colombia on its records and tapes.

Under normal national trade mark law EMI could take action to prevent CBS using the Colombia label. The question submitted to the European Court was whether Community law stood in the way of EMI taking action to protect its rights. This was the crucial question on wheih the three individual judgements would turn.

A. H. Hermann writes: The judgment forms an intricate pattern of conditional rules which, while leaving to the three national courts the possibility of deciding in favour of EMI, does not entirely reject the EEC Commission's contention that trade mark rights may be vitiated by consequences of past restrictive agreements.

The court also folowed the Commission's lead when saying that not only the internal division of the Common Market, but also its isolation from the world market may be incompatible with the Treaty rules.

The main ruling reaffirms that the Treaty principle of free circulation of goods does not invalidate trade mark rights and in particular, protection of the trade mark holder against imports of identically branded goods.

# Post Office will peg its charges

BY ARTHUR SMITH

POSTAL PRICES will be pegged until the end of the year, and telecommunications charges until the end of March next year, Sir William Ryland, the Post Office chairman, pledged yesterday.

This undertaking has been made possible by the improved profits outlook for the State-owned corporation. The Post Office is widely expected to report a profit of about £150m. on telecommunications for 1975-76 and a reduced loss on the postal side of £25m.—lower than originally forecast.

Such results would mark a dramatic turnround from the total loss of more than £306m. the previous year and reflect the impact of two hefty price increases.

Postal services are expected to move into the black in the current year. Despite a 9 per cent. fall in the number of letters posted since the increase last July, which took the first-class letter rate to 8½p, there has been a substantial rise in revenue.

Public demand for telephone services is also expected to recover sharply as the effect of price increases wears off and the national economy picks up.

"We have worked hard for this change in fortune," Sir William said yesterday. "Much of what we have achieved is due to the progress made with the Government's counter-inflation policy and especially to the operation of the £6 wage policy."

This, coupled with "good marketing and far-reaching and continuing internal economies," would make it possible to hold prices for letters up to 100 grammes at their present levels for the remainder of the year and maintain existing telecommunications charges until the end of March 1977.

Sir William emphasised, however, that such an undertaking was, "of course, heavily dependent on agreement and adherence to the next phase of Government pay policy."

Wages are an important constituent of costs for the Post Office, which has a workforce of 450,000.

Internal economies yielded savings of £33m. on telecommunications and £35m. on postal services last year. The squeeze on costs is likely to be even tighter in the current year.

The Post Office, which is extremely cautious about forecasting price and revenue movements, said last night that it should not be assumed that further price increases would follow expiry of the time limit set by Sir William. The situation would be monitored and decisions taken accordingly.

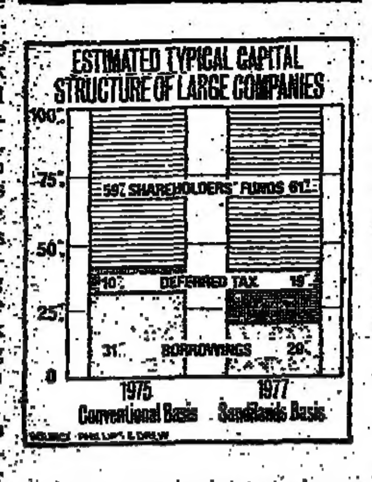
The outlook for telecommunications traffic is bright. The growth rate of the most widely used service—local calls—is expected to increase from 0.4 per cent. last year to 6.6 per cent. this year.

Trunk traffic, at 5.3 per cent., is expected to treble its growth of last year.

THE LEX COLUMN

# When deferred tax matters

**Index rose 3.4 to 381.5**




Big guns are being aimed at the accounting standard on deferred taxation, SSAP 11, which comes into effect at the end of the year. Some companies, like Courtaulds, have long ignored deferred tax liabilities, and recently Tootal decided to disregard the requirements of the new standard. Now the CBI is responding to growing disquiet among its membership and calling for the standard to be withdrawn. This might be done with least embarrassment by reconsidering the standard in the light of the Sandilands Report and the work which is in any case being carried out by the Morpeth Steering Group.

The deferred taxation mix-up arises from the way the Government has chosen first, to offer investment incentives by means of artificial concessions on depreciation, and second, to impose taxation on "gains" which in large part arise simply through inflation. These factors have led to a rapidly growing element of deferred tax in capital employed, currently around a tenth and logically rising in the inflationary long run to approaching 50 per cent. on the basis of current cost balance sheets.

Price Waterhouse estimate that the accumulated deferred tax on accelerated depreciation and stock appreciation at the end of 1975 was over £10bn. Plainly, it is not realistic to suppose that this tax could ever be called in. And there are political dangers in leaving it lying around in company balance sheets, for it may give the impression that companies are somehow being supported by Government money. Yet to ignore deferred tax entirely, which is the more extreme of the CBI's alternative suggestions (it also makes some more moderate ones) would create fresh problems.

The CBI's position might not be too misleading, at least in terms of the incentive element in deferred tax, for large industrial companies with regular fixed asset investment programmes. A possibility here might be, for instance, to ignore deferred tax in profit statements on the basis of an assurance that there was no foreseeable likelihood of a liability being incurred. But small companies, or those with erratic investment programmes, might show very peculiar earnings trends. There would be an even stronger incentive for companies to manipulate stocks or the timing of investment in order to smooth out earnings.

And capital gains and stock appreciation pose rather different questions. Perhaps companies like GKN are unlikely to sell trading assets, or if they do are likely to be able to roll over the tax liability. But an accounting standard has to be relevant to all types of company. It would be rash, for instance, to ignore the deferred tax liabilities of property or financial companies.

The most immediately powerful argument against SSAP 11 as it stands is that in a large number of cases companies are likely to ignore it and accept an auditor's qualification. This would risk bringing the whole system of accounting standards into disrepute. But at the same time, some acceptable way of including deferred tax liabilities in company accounts has to be arrived at. Essentially the issue may be one of presentation rather than content, and that ought to offer opportunity for a compromise.

## London & Northern

London and Northern's share price has rallied by a seventh to 35½p in the past fortnight, but its performance this year still looks dismal and the 1975 results help to show why. Despite a rise of a third in the first six months—and a lower tax rate in the second—attributable profits for the year are marginally lower at £3.1m.—before £1.5m. of extra-ordinary debits. The explanations include a higher minority element in overseas profits, a fall of perhaps a quarter on the scrap side, and losses on house-building in the Midlands. In addition, £514,000 has been written off development land: this compares with provisions of £2m. against fixed price contracts and terminal losses a year earlier.

Borrowings have been reduced by £7m. to about £3[illegible] but they are mostly short-term and still look formidable at this stage of the cycle compared with tangible stockholders' funds of roughly £24m. A yield of 15 per cent., which is just about covered after the extraordinary charge, contrasts strikingly with the great continued optimism.

## Williams Hudson

In principle there seems no reason why a low share price should stop a company from making a rights issue. The existing par value ruling for companies is based on historical accident rather than current financial reasoning. But whether Williams Hudson should be encouraged to overcome this hurdle is another matter. WH proposes to cancel 15p of its existing 20p shares to clear the decks for a rights issue, with the shares unchanged at 15p yesterday. It will be a serious omission if the circular to shareholders—convening an EGM for three weeks hence—does not contain up-to-date financial information about the group. Its last balance sheet is dated March 1975, and that showed net debt to be more than three times as great as net assets.

## Shut-out bids

The Anthony Carrimore affair looks more curious each day. Although Edbro made no secret of the fact that it was actively considering the possibility of topping York Trailer's 57½p cash bid, a further 8½ per cent. of Carrimore has irrevocably accepted the York offer, taking the total up to 34½ per cent. This was announced a little before the news that Edbro is indeed returning—with an all-equity offer of no less than 78½p per share.

This puts Carrimore and its advisers, the Jordan Bank, firmly on the book and poses further questions about the recent change in the Takeover Code which made such a nonsense possible. The old rule against shut-out bids may have been unworkable—but perhaps there is a case for limiting the proportion of an offeree's equity which can be irrevocably accepted in advance of a formal offer.

# Weather

U.K. TO-DAY

CLOUDY and dry with sunny spells.

London, S. and E. and Cent. N. England, Midlands
Mist at first, otherwise dry, with bright or sunny periods. Winds N.W. Max. 26C (79F).

Channel Is., S. and N.W. England, Wales, Lakes
Dry, fog patches, sunny spells inland. Winds W.

N.E. England, Borders, Edinburgh, Dundee, Aberdeen areas, Moray Firth area.
Cloudy, dry, sunny intervals later. Winds N.W. Max. 17C (63F).

I. of Man, S.W. Scotland, N. Ireland, Highlands, rest of Scotland, Argyll, Orkney, Shetlands
Rain, coastal fog, sunny intervals later. Winds S.W.

Outlook: Mostly dry, with sunny periods.

Pollen count: 182. Very high.

Lighting-up: London 21.49, Manchester 22.10, Glasgow 22.34, Belfast 22.32.

Long-range outlook, Page 10

BUSINESS CENTRES

| | Y'day Mid-day | °C | °F | | Y'day Mid-day | °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | S | 27 | 81 | Manchstr | R | 17 | 63 |
| Amstrdm. | Fr | 19 | 66 | Melbourne | C | 11 | 52 |
| Athens | S | 29 | 84 | Milan | S | 29 | 84 |
| Barcelona | S | 28 | 82 | Montreal | S | 27 | 81 |
| Belfast | C | 16 | 61 | Moscow | S | 15 | 59 |
| Belgrade | S | 22 | 72 | Munich | S | 25 | 77 |
| Berlin | R | 13 | 55 | Newcastle | C | 16 | 61 |
| Birmghm. | C | 20 | 68 | New York | H | 24 | 75 |
| Bristol | Fr | 19 | 66 | Oslo | R | 16 | 61 |
| Brussels | Fr | 21 | 70 | Paris | S | 27 | 81 |
| Budapest | S | 23 | 73 | Perth | F | 20 | 68 |
| B. Aires | S | 11 | 52 | Prague | Fr | 25 | 77 |
| Cairo | S | 34 | 93 | Reykjavik | Dr | 10 | 50 |
| Cologne | C | 23 | 73 | Rio de J'o | S | 27 | 81 |
| Copenhgn. | Fr | 15 | 59 | Rome | S | 26 | 79 |
| Dublin | C | 21 | 70 | Singapore | S | 27 | 81 |
| Edinburgh | C | 15 | 59 | Stockholm | R | 12 | 54 |
| Frankfurt | C | 26 | 79 | Strasbourg | C | 22 | 72 |
| Geneva | S | 27 | 81 | Sydney | C | 14 | 57 |
| Glasgow | C | 15 | 59 | Tehran | S | 26 | 79 |
| H. Kong | C | 29 | 84 | Tel Aviv | S | 24 | 75 |
| Jo'burg | S | 19 | 66 | Tokyo | C | 21 | 70 |
| Lisbon | S | 24 | 75 | Toronto | R | 30 | 86 |
| London | C | 23 | 73 | Vienna | S | 27 | 81 |
| Luxembrg. | S | 17 | 63 | Warsaw | R | 20 | 68 |
| Madrid | Fr | 27 | 81 | Zurich | S | 27 | 81 |

HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | Locarno | S | 28 | 82 |
| Algiers | C | 25 | 77 | Luxor | S | 35 | 95 |
| Biarritz | S | 22 | 72 | Majorca | S | 28 | 82 |
| Blackpool | Fr | 16 | 61 | Malaga | S | 24 | 75 |
| Bordeaux | S | 26 | 79 | Malta | S | 28 | 82 |
| Boulogne | S | 17 | 63 | Nairobi | S | 27 | 81 |
| Cape Tn. | C | 19 | 66 | Naples | Fr | 25 | 77 |
| Dubrovnik | S | 26 | 79 | Nassau | S | 29 | 84 |
| Faro | S | 26 | 79 | Nice | S | 23 | 73 |
| Florence | S | 28 | 82 | Oporto | S | 20 | 68 |
| Funchal | S | 21 | 70 | Rhodes | S | 29 | 84 |
| Gibraltar | S | 23 | 73 | Salzburg | S | 25 | 77 |
| Guernsey | Dr | 13 | 55 | Tangier | S | 28 | 82 |
| Innsbruck | S | 27 | 81 | Tenerife | C | 18 | 64 |
| Inverness | C | 13 | 55 | Tunis | S | 29 | 84 |
| Istanbul | C | 23 | 73 | Valencia | F | 27 | 81 |
| Jersey | C | 13 | 55 | Venice | S | 27 | 81 |
| Las Plms. | S | 24 | 75 | | | | |

C—Cloudy. F—Fog. R—Rain. S—Sunny. Fr—Fair. Dr—Drizzle. H—Haze.



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